CITY OF SHERMAN
CITY COUNCIL REGULAR MEETING AGENDA
COUNCIL CHAMBERS OF THE CITY HALL
220 WEST MULBERRY STREET
SHERMAN, TEXAS
MONDAY, JULY 21, 2014
5:00 P.M.

A. 1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

A. 2. PLEDGE OF ALLEGIANCE LED BY COUNCIL MEMBER TOM WATT

A. 3. INVOCATION BY COUNCIL MEMBER TOM WATT

A. 4. APPROVE MINUTES OF THE CALLED CITY COUNCIL (BUDGET WORKSHOP) MEETING OF JUNE 18, 2014 AND THE REGULAR CITY COUNCIL MEETING OF JULY 7, 2014

Consent Agenda

B. 1. CONSENT AGENDA
Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

Resolutions

C. 1. RESOLUTION NO. 5866
Relating to Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project), Approving the Issuance Thereof and the Facilities to be Constructed or Acquired by such Authority for the Benefit of the City

C. 2. * ***RESOLUTION NO. 5867***
Approving the Greater Texoma Utility Authority's Intention to Contract with Felix Construction Company for Installation of the Ultraviolet (UV) Disinfection Equipment at the Wastewater Treatment Plant

C. 3. * ***RESOLUTION NO. 5868***
Approving the Greater Texoma Utility Authority's Intention to Contract with PC Contractors, LLC for Construction of Sand Creek Sewer North Branch (289 Sewer)

C. 4. **** RESOLUTION NO. 5869***
Authorizing Execution of a Professional Engineering Services Agreement with Freeman-Millican, Inc. for the Sherman Industrial Park Replacement Sewer

Requests to Advertise

D. 1. **** REQUEST TO ADVERTISE***
Two-Way Radio and Early Warning Siren Maintenance

Other Business

E. 1. **OTHER BUSINESS**
Receive Police Chief Otis Henry's Department Activity Update

E. 2. **OTHER BUSINESS**
Review 2014-2015 Draft Budget

E. 3. **OTHER BUSINESS**
Discussion of the Proposed Tax Rate for Fiscal Year 2014-2015 and Scheduling Public Hearings for the Budget and Proposed Tax Rate

E. 4. **** OTHER BUSINESS***
Approve Quarterly Investment Report for Quarter Ended June 30, 2014

E. 5. **** OTHER BUSINESS***
Consider Request of United Way of Grayson County to Temporarily Close Certain Streets for the "United Way Hustle for Health" on Saturday, August 16, 2014

E. 6. **** OTHER BUSINESS***
Consider Request of the Crisis Center of Grayson County to Temporarily Close Certain Streets for the "Seeds of Hope Moonlight 5K & Fun Run" on Saturday, September 6, 2014

F. **CITIZEN REQUESTS**

G. **MEDIA QUESTIONS**

H. **COUNCIL COMMENTS**

Executive Session

I. 1. **EXECUTIVE SESSION**

In Accordance with Chapter 551, Government Code, V.T.C.S. (Open Meetings Law), "The City Council Will Now Hold a Closed Executive Meeting Pursuant to the Provisions of the Open Meetings Law, Chapter 551, Government Code, Vernon's Texas Codes Annotated, in Accordance with the Authority Contained in the Following Sections."

Section 551.074 Personnel Matters

(a) Consider the Qualifications, Appointment and Removal of Members to Boards and Commissions:

(1) Planning and Zoning Commission (2)

(2) Meals on Wheels of Texoma Board of Directors (1)

(3) Texoma Community Center Board of Directors (formerly MHMR Services of Texoma) (1)

Section 551.087 Deliberation Regarding Economic Development Negotiations:

(a) Deliberate Regarding Commercial or Financial Information that the City has Received from Business Prospects and Deliberate any Offers or Incentives to the Business Prospects

The Council reconvenes into General Session

J. 1. **OPEN MEETING**

Reconvene into Open Meeting and Consider Action, if any, on items discussed in Executive Session

K. **ADJOURNMENT**

COUNCIL CALENDAR

CERTIFICATION

I, the undersigned authority, do hereby certify that the above Notice of Regular Meeting of the City Council of the City of Sherman is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board at City Hall of said City of Sherman, Texas, a place convenient to the public, and said notice was posted on July 17, 2014 at 4:00 p.m., and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 17th day of July, 2014
City of Sherman, Texas

____
City Clerk

The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time.

All agenda items are subject to final action by the City Council.

An unscheduled closed executive session may be held if the discussion of any of the above agenda items concerns the purchase, exchange, lease or value of real property; the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; the deployment or use of security personnel or equipment; or requires consultations with the City Attorney.

At the discretion of the City Council, non-agenda items under the headings of "Citizens Requests", "Media Questions", and "Council Concerns" may be presented to the Council for informational purposes; however, by law, the Council shall not discuss, deliberate, or vote upon such matters except that a statement of specific factual information, a recitation of existing policy, and deliberations concerning the placing of the subject on a subsequent agenda may take place.

The City Attorney has approved the Executive Session items on this agenda.

PERSONS WITH DISABILITIES, WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT LINDA ASHBY AT (903) 892-7204, TWO (2) WORKING DAYS PRIOR TO THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

Mayor	Deputy Mayor	Council Members	
Carolyn S. Wacker	Robert G. Softly	Ryan Johnson, Council-At-Large, PL #1	Robert G. Softly, Council – District #2
		Jason Sofey, Council-At-Large, PL #2	Tom Watt, Council – District #3
		Lawrence Davis, Council – District #1	David Plyler, Council – District #4

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No.** **A. 4.**

Meeting Date: 07/21/2014

Prepared By: Linda Ashby, City Clerk

Approved By: George Olson, City Manager

Caption:

APPROVE MINUTES OF THE CALLED CITY COUNCIL (BUDGET WORKSHOP) MEETING OF JUNE 18, 2014 AND THE REGULAR CITY COUNCIL MEETING OF JULY 7, 2014

Attachments

June 18, 2014

July 7, 2014

STATE OF TEXAS §

June 18, 2014

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 City Council Chambers, City Hall, 220 West Mulberry, Sherman, Texas, on June 18, 2014.

MEMBERS PRESENT: Mayor Cary Wacker; Deputy Mayor Robert Softly. Council Members Davis, Johnson, Plyler, Sofey, Watt.

MEMBERS ABSENT: None.

STAFF PRESENT: George Olson, City Manager; Robby Hefton, Assistant City Manager/CFO; Otis Henry, Police Chief; Jeff Jones, Fire Chief; Don Keene, Director of Community and Support Services; Mark Gibson, Director of Utilities; Scott Shadden, Director of Development Services; Clay Barnett, Director of Public Works and Engineering; Lisa Whitfield, Development Coordinator; Mary Lawrence, Controller; Kevin Winkler, Parks and Recreation Director; Tammy Davis, Support Services Manager; Jim Cross, Assistant Public Works Director; Shawn Hackworth, IT Manager; Pam Cloer, Assistant to the City Manager; and Linda Ashby, City Clerk.

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

2014-2015 BUDGET REVIEW

ADJOURNMENT

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

Mayor Wacker called the meeting to order at 8:31 a.m., declared a quorum present, and opened the meeting.

OPENING COMMENTS

Mayor Wacker said last year at the Budget Retreat, the Council was in the “hopeful” mode, but feeling guarded that the economy was beginning to show some good signs. This year she felt they were in an “optimistic” mode and they are beginning to see the good things manifest themselves in the community. She felt Sherman was slowly emerging from six years of recession.

She felt there were several things that were beginning to translate to an economic impact to the community, such as the Keep Sherman Beautiful Commission, the Binkley Park Mountain Bike Trail, new festivals, rebranded events, new construction, downtown reinvestment, and the expansion of several local industries, including Texas Instruments, Tyson, GlobiTech, Fisher/Emerson, Direct Connect, and Panda Energy.

During the last few years, the direction was for the City to be “leaner” and more efficient in every way, to continue to deliver excellent service, but with the available resources. However, the staffing levels and the resources were sometimes significantly below the benchmark for cities the size of Sherman. Mayor Wacker said those need to be addressed to build a pipeline for Sherman’s future success.

This year's budget should lay the groundwork for that by tackling the big projects now to ensure that Sherman will be successful going forward. They need to continue to look at strategic planning, including community input, that helps shape the goals to reflect what Sherman citizens want and need for a good quality of life. The City also needs to continue to be pro-active in job and industry recruitment, because that will be a long term solution to building the tax base. Sherman currently has a diverse tax base, but it needs to be strengthened so the resources are in place to support the services that are needed.

She added that this year the Council also needs to stabilize the budget to reverse the trend of drawing down the fund balances with transfers from one fund to another. This is a "quick-fix" and the Council now needs to look long term to ensure that there are positive fund balances going forward, as well as the resources to continue to address growth and build the needed projects.

George Olson, City Manager, said there has been eight months of preparation for this Budget Work Session. After several years of "flat-line" growth after the recession, the staff knew they had to deviate from the one year planning, balanced budget approach into more of a long-term planning mode to start addressing operational needs.

He asked the department heads to consider their needs, not their wants. Twenty to thirty critical needs were identified that needed to be considered. Several meetings were held to bring the top five or six critical needs to the City Council. These needs include the Water Treatment Plant expansion study and design; compensation and staffing; capital, capital maintenance, fleet, and funding; stormwater management and planning; and fire station expansion. Those needs will be addressed briefly again today.

At the April 2014 Budget Planning Meeting, the staff received the following direction from the Council: to acknowledge that the fund balance goal is completed, minimize service cuts, address employee pay as possible, to not use Utility Fund rates to offset the General Fund, to consider a moderate tax increase if needed, continue moving forward toward funding complete capital and infrastructure needs, and to discuss the staff identified critical needs.

Mr. Olson said the purpose of the meeting is to address the FY 2015 Budget, but some projects, such as expansion of the Water Treatment Plant is actually a two or three year process. The staff must begin that process today. Even though the Council must establish an annual budget, they must consider projects and needs that extend past that one year scenario. He added that this budget maintains the City's basic level of service and makes sure that the staff "continues to pay the light bill."

2014-2015 BUDGET REVIEW

Highlights and Budget Summary

Robby Hefton, Assistant City Manager/CFO, outlined the procedure for today's meeting and budget discussion. He said the number one project for this budget was the Water Treatment Plant expansion. A report will be provided later today outlining the project, as well as information on the Hotel/Motel Tax funds and program.

He reviewed how the fiscal year began and how it is expected to end. For FY 2013, the General Fund ended up about $1 million better than projected, so FY 2014 started $1 million to the good, due mainly to the sales tax effect of the Panda construction. The 2014 revenues are projected to be up about $1.2 million, primarily from sales tax and from franchise tax, due to the cold winter.

Expenses in the General Fund were close to projected, but down a little. The net effect is that at the end of 2014, the fund balances are expected to be at $8.7 million, which is about 104 days of reserves. The 2014 Budget uses much of those reserves to finish projects such as the Street Sales Tax Enhancement Plan.

For FY 2013, the Utility Fund ended up about $200,000 lower than projected. For 2014 the revenues look to be about $500,000 more than was budgeted, so ending reserves will be at about 76 days or $4.7 million at the end of the fiscal year.

Ending reserves for 2013 for the Solid Waste Fund were close to the projected amount. For 2014, because of Panda Energy and some other industrial customers, the commercial solid waste revenues have been greater than was projected. Those revenues, for 2014, look to be up about $300,000 and expenses are on par with the budgeted amount.

At the end of 2014, reserves for the Solid Waste Fund should be at about 103 days. The staff is proposing approximately $1.2 million in fleet purchases for the Solid Waste Fund. The fund balance will be down in the mid 60s by the end of 2015.

At the end of 2014, the Capital Improvement Program balances will be at about $400,000 for the General Improvement Fund and about $1.4 million in the Utility Improvement Fund. These funds are used for future projects.

Mr. Hefton said last year the Council gave the staff some Operational Highlights for the 2014 fiscal year. The staff proposed to adjust various fees for buildings, cemetery, traffic, animal control, and parks and recreation. Those were implemented and they are performing about as projected. It is estimated that those fees generated an additional $200,000 for 2014. There was also a 2% across-the-board, salary adjustment for all employees. Some critical CIP's were funded in the General Improvement and Utility Improvement Funds.

They have used the remaining excess fund balances to adjust the reserves to target levels. That continues, but 2014 is close to the end of that process and 2015 is the end of the process. The focus in 2014, which continues in 2015, is a continued focus on "paying the light bill." The staff is looking to keep whatever services are provided today going, but without expanding or enhancing those services.

The General Improvement Fund and Utility Improvement Fund balances have been drawn down beginning in 2009 as planned. The General Fund, Utility Fund, and Solid Waste Fund balances add up to about $12 million or $13 million.

Mr. Hefton said there are some areas identified last year where the City is falling behind and he addressed some progress that had been made. The City is still falling behind in alley and right-of-way maintenance and in the expansion and enhancement of services. Other items have been addressed in either FY 2014 or FY 2015.

Several months ago a plan to enhance the recruitment of entry level police officers was introduced to the City Council. About 140 applicants signed up for the last entry level exam and 93 actually tested, giving the City a good pool of candidates.

The City Engineer position is in the budget for FY 2015. There are also issues in the utility area with succession planning. Not all of the areas have been addressed, however steps are being taken.

For the FY 2015 Budget, there are several projects that will take multiple years to complete, such as the Water Treatment Plant and the fire station, and the process has focused on a five year time horizon. This year the budget process has taken an entire year to formulate. With the additional preparation and meetings that have been held, the Budget Work Session time frame can be reduced. He praised the input that was received both from the staff and from the City Council during the process. The Draft Budget will be presented in July, and August and September will be the Draft Budget and the Public Hearings.

Through the process, Mr. Hefton reiterated the Council direction that was received. The Council directed the staff to continue the six year plan to drawn down the fund balances; to minimize any service cuts, especially in the General Fund; to address employee pay; to not use Utility Fund rates to offset the General Fund needs, except for the remaining fund balance drawdown; to consider a moderate tax rate increase, if needed; and to continue moving forward towards funding fleet and capital. All of these are addressed in the proposed budget.

Mr. Hefton said they will also present their proposals on the staff-identified critical needs. The five critical needs as presented in the noon work sessions are the Water Treatment Plant expansion study and design; compensation and staffing; capital, capital maintenance, fleet, and funding; stormwater management and planning; and fire stations.

The Water Treatment Plant expansion study and design was the number one priority. The City has 10 to 12 million gallons a day of groundwater that can be used and about 10 mgd of lake water from the Water Treatment Plant, or 20 mgd if everything is running. There is a risk when the Water Treatment Plant's line is down for maintenance or repairs from North Texas Municipal Water District.

The risk is that today there is not enough capacity to meet the needs of the community. This doesn't include the possible need for 4 mgd to 5 mgd of treated water for Panda Energy. With this demand and the increased demand from regular water users, as well as a possible line down, the City must plan for additional capacity. Since the expansion project would be a three year process, the staff feels that the project should begin now.

The second priority is compensation and staffing, but that isn't mainly about money. Money is an issue in that the City needs to keep within the market on all positions. A peer study was completed with every position in the City, comparing them to peer cities such as Waxahachie, Cleburne, and others that are the size of Sherman. Mr. Hefton said overall, Sherman is in pretty good shape with compensation. There are some positions that need to be "tweaked" a little.

In the 2015 Budget, the staff is proposing some adjustments for entry-level police officers, as well as a 1% increase for all employees. They are also proposing a one-time $500 payment to each employee, which ends up being about 1% as well, but would not be ongoing. This was possible due to the "one-time money" from Panda Energy. The proposed budget also includes funding the City Engineer position, adjustments for the police entry-level officers, and some other targeted positions, especially in the public safety area.

The third priority is the capital, capital maintenance, fleet, and those funding issues. A dedicated funding source is needed for the ongoing fleet replacement needs and for capital funding for the maintenance of City infrastructure. During the recession, capital spending was deferred so now there are major issues that must be addressed. In the 2015 Budget a focus was placed on the continued purchase and replacement of some critical fleet, especially in the General Fund and Solid Waste Fund.

The biggest issue, from a monetary impact, is completing the street program. Mr. Hefton presented the original list of street repairs that was submitted to voters during the Election for the second round of the Street Sales Tax program. The City specifically committed to the voters that the additional sales tax money would go toward maintenance and repair of those streets. The money that they propose to move in 2015 completes the street repairs that were promised during that Election. The City would be "doing what we said we would do."

The Street Sales Tax will be taken back to the voters in November 2015 to consider for a third time.

Mr. Hefton said the other two critical items will need discussion by the City Council. Stormwater Management and Planning is a critical issue and the Stormwater Management Plan listed 20 or 30 areas of improvements to help mitigate the damage from flooding in Sherman. Items included $50 million in projects including regional detention and the purchase of properties in the floodways.

The City currently doesn't have money for these projects but could potentially generate revenue for them through a stormwater fee. He said there might also be some projects that could be accomplished from a policy standpoint that might be considered, such as revising ordinances and putting some in place that currently don't exist. Mr. Hefton said there is some money in the budget that could be used for some of these items, based on City Council direction.

The other issue that needs direction is the proposed fire station in the north part of Sherman. The demographics of the call load are shifting to where people congregate, which is in the Town Center area. There are also some assisted living and long-term care facilities in that same area that increase the demand for these emergency services. About 40,000 people live in Sherman, but 200,000 shop, eat, and visit here. Public safety services must serve all these people.

He also presented a list of the top five priorities as well as other priorities that must be considered for the future. These are critical issues, but were not scheduled for 2015. They will continue to be discussed by the staff and with the City Council.

Mr. Hefton said the top priorities for the 2015 General Fund are police and fire, specifically entry level pay, fleet and supplies; and completion of the four year street improvement program from sales tax, specifically increased materials budget and major equipment purchases.

For the Utility Fund, the funding priority is expansion of the Water Treatment Plant. No rate increases are proposed for 2015 for the water and sewer system, but the City will see a partial year of debt service for the $18 million to $20 million dollar expansion project. This could amount to about $1.3 million to $1.5 million per year in debt service, depending on the length of time the bonds are financed. The impact for 2015 will be about $500,000. The budget also includes the purchase of some collection/distribution equipment.

For the Solid Waste Fund, the funding priorities are $1.2 million in fleet purchases. Mr. Hefton said he feels better with reserves in the 75 day range, but the plan is to draw this fund down to the mid 60's. The reserves are projected to build back up into the 70's in 2016, 2017, and 2018.

The 2015 overall budget includes a 1% inflation adjustment for all employees, as well as a one-time payment for all employees.

For the 2015 Budget the financial highlights include fund balances of 78 days in the General Fund, 71 days in the Utility Fund, and 65 days in the Solid Waste Fund. In the General Fund, sales tax revenues are down in 2015 versus 2014, as expected. The impact of Panda Energy on sales tax is in the $800,000 to $900,000 range, which can directly be attributed to Panda and their subcontractors. There was probably another impact that can't actually be quantified from the 500 to 900 employees that were living, working, and shopping in Sherman for 15 to 18 months. This did have a good impact on the City's Hotel/Motel Tax revenue.

The staff is projecting a 2% to 2.5% growth in sales tax for 2015. Property tax revenues are expected to be up about $1 million. This is due to three things. As of January 1, 2014, Panda Energy was about two-thirds complete, so they elected to begin their tax abatement. Therefore, whatever their estimated value was at that point, 64% of it was abated for the first year, in accordance with the contract.

Even after the abatement, the impact on property taxes for 2015 from Panda Energy is $200,000 to $250,000 to the good. The effect of a property tax rate adjustment is also included and equates to about $500,000 to $550,000. Some additional property tax growth is also included in the projection. The net effect is projected at an approximate $1 million "positive swing" in property tax revenue.

In the General Fund, the staff is proposing to transfer out about $1.9 million mostly to complete the street improvement program. This money is fund balance from the one-time Panda Energy effect. Some of the money will be earmarked for other projects that will be discussed later in the meeting.

In the Utility Fund, water revenues are up about $600,000. The Panda water agreement includes a "take or pay" clause and the company has already "triggered" the clause. Even today, the City is receiving some marginal revenue from this contract. They plan to start selling power to the grid in August 2014. There will be some impact to the budget in the latter part of FY 2014. The impact of having Panda on-board for an entire year is reflected in water revenues, which should be up about $600,000.

If the City moves forward with the expansion of the Water Treatment Plant, debt will probably be issued in the first quarter of 2015. Even if there is no debt payment to make in FY 2015, the City will need to be accumulating enough money to set aside, through the Greater Texoma Utility Authority, to make the first debt payment. That impact on 2015 will be about $500,000. Sewer revenues are expected to be flat. The additional water for Panda Energy will not cause any increase in sewer revenue because it is used up in their process of generating electricity and does not enter the metered system.

The Solid Waste Fund is expected to be flat or up slightly. The major issue is the $1.2 million in fleet purchases. There is a slight increase in the group health funding for all the major funds and for the employee pay adjustment. The proposed funding is for the basic services that the City already has, not for enhancements or growth.

Cemetery Development

Don Keene, Director of Community and Support Services, briefed the City Council on the current situation at West Hill Cemetery, its capacity, and the City's ability to provide services in the future. There is a limited amount of space at the Cemetery, however there are some options for the future.

West Hill Cemetery began in 1857, or 157 years ago. There have been 24,000 burials to date, and the City averages 140 to 145 burials annually. There are currently 155 burial plots available for sale. Many of the burials that will be provided this coming year are for citizens that already own their plots, however there will be a point very quickly where no additional plots are available.

Mr. Keene said there is limited additional space available at the Cemetery in three areas. He explained there are three phases possible and the staff is recommending that Phase 1 be completed first.

The property for Phase 1 has already been surveyed and platted. The staff is proposing to spend $83,500 in the FY 2015 Budget to construct the access roads through the Phase 1 area. Of that amount, $73,500 for the contracted base preparation would be funded by the Cemetery Perpetual Care Fund and $10,000 for the seal coat would be funded from the City's Street Maintenance budget. This would provide 3,146 new burial plots or approximately 20 years of capacity.

Council Member Watt asked about the flood zones through the Phase 1 property. Mr. Keene showed a drawing with the 100 year flood, the 500 year flood, and the floodway. According to the research, there would be no issue with burying in the floodplain or the floodway. There might be some restrictions on the types of markers used in this area. The City would not want large, above ground markers that would be washed away if trees were washed out in the area.

Kevin Winkler, Parks and Recreation Director, explained where the water washed through the area during the 2007 flood. He added that the flood did previously cover graves but there were no significant issues from the floodwater. Mr. Keene did not feel that erosion would be a problem in this area.

Other options include Phase 2, which would add approximately 2.3 acres or 2,500 plots for approximately 15 years of additional space; and Phase 3, which would add approximately 1.3 acres or 1,500 plots for approximately 10 years of additional space.

Mr. Keene added that the proposed area for Phase 2 does have some drainage and seepage issues that might add a challenge to building that portion out. This location is near Woods Street. Phase 3 is south of Lamar Street, where some playground equipment is currently located.

In summary, Mr. Keene said the City currently has 155 plots available or approximately one year of additional capacity. Phase 1 would extend the cemetery life 20 years, Phase 2 would extend it an additional 15 years, and Phase 3 would extend it 10 years, for a total of 46 more years of capacity and a total of 7,301 plots.

Mr. Hefton added that this project would not be paid for with tax dollars, but paid through the trust that left money to the City years ago. A small piece of the project would be handled with labor from the Street Department. The majority of the cost to develop the additional part of the Cemetery would be paid privately through the Perpetual Care Trust Fund that's held for the benefit of the City.

Water Treatment Plant Expansion

Mr. Hefton introduced Brian Fuerst, CH2M Hill Engineer, adding that he was involved in the original construction of the City's Water Treatment Plant which was completed in the late 1980's early 1990's. He has intimate knowledge of the Water Treatment Plant as it exists today and is the expert that the City calls when there are design or operational issues that can't be handled internally. Mr. Fuerst will provide an overview of the proposed expansion project.

He explained that the expansion project is driven by the fact that future growth can be limited by the amount of water treatment capacity that the plant currently has. The City currently has a buffer of about 3 mgd to 4 mgd, between the current peak day and the capacity of the groundwater and the surface water treatment systems combined, assuming that all the groundwater systems are on-line. That buffer is expected to expire by about 2020. Then the maximum day will equal the current capacity. The expansion process is about a three year process from start to completion.

Mr. Fuerst added that if an industry came in and demanded 2 million gallons of water, the City would be "hard-pressed" to handle it. There should be a buffer between the maximum amount and the capacity to handle unexpected opportunities.

In addition, the Texas Water Development Board Region C Plan calls for the Sherman Water Treatment Plant to be a regional provider of water. There are many small utilities in the area that have water rights in Lake Texoma through the Greater Texoma Utility Authority and the plan is for those water rights to be treated by the City of Sherman because it's not economical for each individual City to provide their own Water Treatment Plant.

Another driver is increased water quality. Currently the Sherman Water Treatment Plant meets all regulations and should meet those regulations in the future. However the general trend in the industry is for tighter regulations and the City might see regulations, especially on the emergent contaminants that they are finding in the environment.

The final driver to the project is that the Electro Dialysis Reversal (EDR) process is approaching the end of its life. The EDR is used for demineralization, or removal of the minerals from the Lake Texoma water. The membranes originally had a life of about 13 years, and have already been replaced once since the plant went on-line. They are due to be replaced again in 2019. This is obviously the time to change processes. During the last five years of the membrane's life, the maintenance cost increases dramatically and individual membranes must be replaced.

The first step in the project components is the pilot testing of the Microfiltration/Ultrafiltration (MF/UF) and the Reverse Osmosis (RO) processes. The Texas Commission on Environmental Quality still considers the MF/UF an innovative treatment process, even though it is an older system, however they do require pilot testing. The pilot test should also be held to determine how much water can be pushed through a given area of the membrane.

If there are too many membranes, there is an additional cost. If there are too few membranes, the increased pressure builds up and it is more difficult to clean the material off the membranes. Membranes can even be damaged if too much water is pushed through them. The pilot study will help determine how much water can be pushed through the membranes and how many membranes will be needed.

Mr. Fuerst said the second step is the procurement of MF/UF Membranes. The membranes must be pre-purchased prior to the design stage because there are enough differences that the design needs to accommodate for these differences. The third step is a Brine Discharge Permit Application.

Brine disposal is one of the biggest issues in treating brackish water. A portion of the brine must be disposed of and the City currently disposes of that in the sewer. It is transported to the Wastewater Treatment Plant, diluted with the rest of the City's sewage, and then discharged. With expansion of the plant, the amount of brine for disposal will increase. The current line that moves brine from the Water Treatment Plant to the Wastewater Treatment Plant is at capacity. He added that the best way to dispose of this brine would be to take it to the Red River and dilute it with the other water in the river, but that will require a discharge permit.

An interim solution to get rid of the brine would be to build part of the pipeline necessary to move it to the Red River and dump it into another sewer line in the northern part of the City that has additional capacity. Eventually the line would be continued to the Red River.

Council Member Watt asked if that will cause any public outcry. Mr. Fuerst said that is always a possibility, however the North Texas Municipal Water district recently received a discharge permit for the Red River.

The next step would be the actual expansion of the Water Treatment Plant by 10 mgd, for a total of 20 mgd. Then the new Brine Disposal Pipeline would need to be built. He proposed initially building about three miles of the pipeline, and then it would take another 11 miles to get it to the Red River.

Mr. Fuerst presented a site layout of the existing Water Treatment Plant, saying it currently used a conventional process of flocculation sedimentation to remove suspended particles, and then filtration through granular media filters to further remove pathogens and smaller particles. In Sherman's process, a portion of this is then sent through the EDR building, housing the demineralization process. This does a good job of removing minerals, however the EDR process is proprietary and there is only one manufacturer of the membranes. The other issue with EDR is that it only removes minerals and not other contaminants. The water doesn't pass through the EDR membrane, the minerals pass through the membrane.

In Reverse Osmosis, the water passes through the membrane, and the rest passes through. Since the water passes through the RO membrane, it removes pathogens, inorganic contaminants, and trace organics. EDR membranes remove only minerals.

Mr. Fuerst presented a flow schematic of the plant for both the existing plant and the proposed expansion, and explained in further detail how the processes worked. The current process has a 10 mgd capacity and the new process would have a 20 mgd capacity. The plant would also be sized for a future expansion of 5 mgd that could be accomplished by adding additional membranes.

He also discussed the pretreatment options, adding that the membranes or MF/UF was a better option. They have better particle removal, an improved RO performance, a higher level of pathogen removal, make expansion easier, have a smaller footprint, and are competitive in cost. Mr. Fuerst distributed the fibers that are contained in the modules.

There were two demineralization options, the EDR and the RO. The Reverse Osmosis was selected because there are multiple suppliers of the product, there is reduced disinfection by product formation, there is good removal of emerging contaminants and pathogens, and there is similar recovery for the amount of water that is produced versus the amount of water that is wasted.

Mr. Fuerst showed a map of the proposed Brine Pipeline and how the initial phase would be constructed to get the brine to the Wastewater Treatment Plant. Mayor Wacker confirmed that the State of Oklahoma would also have input on the discharge into Red River. Mr. Fuerst also presented an implementation schedule for the expansion project.

Council Member Watt asked about the benefit of brine disposal into the Red River versus at the Wastewater Treatment Plant. Mr. Fuerst said it would "free up" some of the volume in the Wastewater Treatment Plant because if you treat 2 mgd of brine, that is 2 mgd of sewer that can't be treated through the plant. The other issue is the pipeline capacity. The pipeline would be in areas that will be developing. As those areas develop, the City will want the pipeline capacity for sewage instead of brine.

He added that the design would start around January 2015 and would be complete by the end of October 2015. Construction would probably begin in January 2016 with the plant going on-line in the Summer of 2017.

Mr. Hefton said the RO process filters and filters and filters lake water into clean water that some cities are actually bottling to sell. This process has other capabilities for Sherman in the future. Initial plans are for additional clean water capacity. It also has some potential for treating the effluent stream in the future. By adding the ultraviolet treatment to the water, it is also a potential treatment source for the discharge from the Wastewater Treatment Plant, especially when it is diluted with other raw water sources.

With Sherman's footprint of water being 10 mgd of groundwater and 35 mgd of surface water, even though it can't currently be treated at the Water Treatment Plant, that 45 mgd could be expanded by the treated effluent water for even more potable water. Currently about 5 mgd to 6 mgd is discharged from the Wastewater Treatment Plant, which is about half of the amount brought in. In the future, the process has the potential to increase Sherman's potable water. That means there are even more opportunities with the Water Treatment Plant expansion.

Mr. Hefton said there are also TCEQ studies about the amount of brackish groundwater that is available underneath the current water table. This could amount to hundreds of years of water source that would potentially be available for the City's use with the new treatment process. RO is a robust system that can treat not only Lake Texoma water and effluent water, but even the really brackish water deep in the ground. Council Member Davis said El Paso, Texas is currently using brackish water. Mayor Wacker said many cities are looking at using this water and even using gray water for golf courses and industrial uses. Mr. Hefton said these future possibilities would be available to the City of Sherman.

Mr. Hefton said the staff is proposing a 10 mgd expansion, with a Microfiltration and Reverse Osmosis System. Because the system is flexible, additional expansion can be 1 mgd or 3 mgd on the same footprint. He reiterated that the construction process is a three year implementation period and if the process begins in August 2014, completion would be about July 2017.

Cost would be about $19 million to $20 million, with most debt being issued through GTUA during the first quarter of 2015. The proposed debt is included in the Utility Fund Debt Service of the FY 2015 Budget.

City Council Members took a break from 10:24 a.m. to 10:40 a.m.

Hotel/Motel Tax

Mr. Hefton said the City's Tourism Program is a "subset" of the Hotel/Motel Tax Fund, which receives its revenue from Hotel/Motel Taxes. The money is spent on things such as the operation of Kidd-Key Auditorium and the Municipal Ballroom and for debt payment on work that was completed in 2000 for renovation of the Auditorium and Ballroom. The Downtown Grant is also funded through Hotel/Motel Taxes. Tourism is the largest "piece" of the Hotel/Motel Tax Fund.

Mr. Hefton said part of the discussion would be on the Sherman Chamber of Commerce's role in managing the City's Tourism Program. Mayor Wacker said the conversation has evolved over a year's time because the City has been looking for community partners to help leverage what they can do, especially in tourism. This year the Chamber has taken over the Hot Summer Nights event and will also be taking over the Fall Arts Festival. The Chamber has capacity that the City doesn't have, through the volunteer base of their membership. They also have the ability to raise money for sponsorships. The goal is to maximize the amount of money available through the Hotel/Motel Tax to promote Sherman, to build up events, and to attract visitors to the community.

Mr. Hefton said the discussion today is to talk about the Tourism Program as it stands in-house and how it might look if the Chamber were to take it over. Also to look at the financial impact of that decision and to hear comments on the Chamber's vision of tourism.

Mr. Hefton presented the mission statement, core values, and the goals and objectives of the Tourism Program. Whether the Tourism Program is managed in-house or through the Chamber, the mission, core values, and the goals and objectives don't change. A few of the steps might change but the basic Tourism Program would be the same. Even under a Chamber scenario, the City would retain maintenance, operation, and oversight of the facilities, such as the Auditorium and the Ballroom.

He presented a Preliminary Work Plan that was received from the Chamber outlining their plans to promote and manage events such as the Parade/Snowflake Festival, Hot Summer Nights, Lights on the Lake, and Autumn and Arts Fest; to continue involvement with the Regional Tourism Initiative through the Lake Texoma Association; to use social and online media to enhance tourism; to create a Convention and Visitors Bureau and related Board; to use current space for a visitor center; and to make quarterly reports to the City Council updating them on activities. Mr. Hefton added that the Lights on the Lake event involves many City personnel and he did not see that changing. The City will always be a part of that event as well as Hot Summer Nights and the Arts Festival, since they are held at the City's facilities.

Mr. Hefton addressed a correction on Page 52 of the Budget Work Session Notebook. The ending fund balance with the program as it is now would be $396,591 at the end of FY 2015. Expenditures would be $568,493. Revenues for FY 2013-2014 were up due to the construction at Panda Energy and the workers that were staying at local hotels. That revenue has already decreased. He presented a look at the revenues and expenditures if the program remains in-house versus through the Chamber of Commerce.

Mr. Hefton said the proposed contract with the Chamber of Commerce would be $240,000. With this, the City's administrative cost would be reduced and revenue from the program/sponsor fee line item would be reduced because that money would go to the Chamber to manage the events. Currently proposed budgets for the Sherman Museum and the Arts Council are zero. If the Chamber is running the Tourism Program, they will be responsible for determining who gets the grants and how much they are awarded. The City would still maintain the Downtown Building Incentive in-house and would administer that program. If the City Council would like to increase the amount for that incentive, Mr. Hefton said there is money to do so.

Mr. Hefton presented a budget comparison for the Tourism Program if administered by the Chamber versus administered by the City. There is an $8,410 increase in the budget if the City administers the program.

The Tourism Program is included in the Hotel/Motel Tax Fund, but Mr. Hefton reminded the Council that there are other items included in that fund and the City would still have Auditorium and Ballroom debt. The last bond matures in 2030. The City would be contracting with the Chamber and CVB for tourism management of the entire program, where they can leverage their advertising dollars and staffing. The contract would be approved annually and the Council would review their work plan each year. The City would retain control of the facilities, such as the Auditorium, Ballroom, and Amphitheater, but the marketing would be handled by the Convention and Visitors Bureau.

Council Member Watt asked if any City staff would lose their job. Mr. Hefton said one full-time position would be eliminated with the change. There would be no need to maintain the position of Tourism Director.

He introduced Eddie Brown, Sherman Chamber of Commerce President. Mr. Brown introduced Lauren Roth, Chamber Events Coordinator, and Jason Taylor, Sherman Chamber Board Chairman. He said the Chamber is already involved to some extent, with the Tourism Program. They are working with local groups and organizations to help promote the community and the local facilities.

Mr. Brown said their plan is to maintain the current calendar of events and to work with others to grow the existing events and to plan for new activities. They plan to set goals and standards to make the Sherman area a destination. They also plan to manage, collect, and share data to grown tourism with the City of Sherman, Sherman Economic Development Corporation, and others, and create economic impact reports from these activities to show the demographics of the visitors.

He added that the Chamber is currently involved in a regional tourism project called the Lake Texoma Branding Project, which has been going on for several years. They are working with other entities to increase tourism to the entire area, especially connected with Lake Texoma.

The Chamber will also use existing and updated online marketing through the websites, Facebook, the mobile sites, and through printed materials. They also plan to create a Convention and Visitors Bureau and a Board of Directors that will provide additional opinions and feedback. The Chamber will also provide space for a Visitor's Center and will furnish it with printed and visual materials to market Sherman to visitors. They will also respond to requests for information.

Mr. Brown said the Chamber of Commerce and the Tourism Director will provide the City with quarterly updates on visitor's requests and data, event activity and expenses, and other reports related to the Visitor's Center and the CVB.

Mayor Wacker felt the program would bring a lot of resources into the plan that would help, such as the use of social media and the volunteer base. The City doesn't have the staff for this type of use, however the Chamber already has staff in place to handle these areas. She felt there were many "positives" to the proposal.

Council Member Sofey said he felt it made financial sense and the Chamber has done a good job in the past. Council Member Davis verified that the contract would be for one year and would be renewable annually. Mayor Wacker said unless there is a problem, she would like to see the relationship move forward and have time to build into something significant.

Council Member Sofey asked how many letters were mailed on substandard structures that were located in the Central Business District. Scott Shadden, Director of Development Services, confirmed that there were approximately seven sent in that District. The budget for the Downtown Building Incentive was decreased last year and Council Member Sofey said he would like to see it increased this year. He felt it was an economic development issue as well, and he

asked if SEDCO might be able to "partner" with the City to fund this line item. He asked about the possibility of making two grants available.
Mr. Hefton confirmed that Council Member Sofey was asking about the possibility of increasing the budget amount for the Downtown Building Incentive line item and maybe making more than one grant available.

Mr. Hefton said the amount was previously set at $25,000. To qualify for that amount, an applicant would need to spend $100,000 to receive the grant, which is matched four-to-one. Council Member Sofey said he would like to see the budget increased to $25,000, but if two grants were given, it might need to be increased even more. Mayor Wacker said the grant could be capped at a lower amount, so more than one grant could be awarded from the pool. She added that SEDCO might be limited by statue as to what they could do, but they could explore the possibilities.

Mr. Hefton said there is money available in the reserves, but he asked for Council direction and a consensus. He also asked for suggestions on what the budget amount should be. Mr. Olson said in the past, most of the uses for the grants have been through rehabilitation or remodeling. Mayor Wacker said any project must meet the two-part test of the Hotel/Motel Tax Statue. It must be for historic preservation and it must promote people coming to the community by restoring some historic aspect. Council Member Sofey added that the building must also be maintained for five years.

Financial Presentation
Mr. Hefton presented information about the major funds, saying for the last few years, the staff has taken a longer term look at the financials. In the past, the presentation was only for the upcoming one year budget. Legally a City can only adopt one budget at a time. FY 2015 is the only budget on which the staff gets direction. However, the staff feels it is important to look long-term at the impact that today's decisions will have.

For the General Fund, and each of the other funds, the staff is projecting a deficit fund balance. However, most of the $33 million is money that is transferred out to complete the Street Improvement Project. This money is coming out of fund balance. He said if everything that is not recurring is "distilled out," the amount would be at $1 million.

For the Utility Fund, when the transfers that will be reduced in the future, are "distilled out" and the expense of the new Water Treatment Plant are added in, the Utility Fund will be balanced ongoing.

For the Solid Waste Fund, there is an unusually high amount of capital purchases this year, so when the non-recurring is backed out, this fund is also "on track." The capital fleet that will be purchased includes a side-load truck, two transfer trailers, a front-load commercial truck, and a rear-load truck, for a total of $1.2 million.

Mr. Hefton discussed the lifespan and the heavy use of various pieces of capital fleet that the City uses. He listed various "cuts" that were made to the departmental budget requests for the FY 2015 Budget, both in fleet and in new or major programs. Excluding the police and fire vehicles, the average age of fleet that is funded to be replaced this fiscal year is 18 years. He praised the City's Fleet Department for their maintenance efforts to keep the equipment running.

Mr. Hefton outlined the proposed budget for each major fund for FY 2015. The proposed budget for the General Fund includes the items discussed. The fund balance at the end of FY 2015 is projected to be at 78 days. The $1.9 million transfer out is to the General CIP Fund, and will be used to complete the Street Improvement Program. The personnel line item will increase approximately $500,000 from the FY 2014 Budget, and is the effect of the 1% pay adjustment, the one-time across-the-board employee payment, and "ratcheting up" the group health fund. Expenses are lower than projected because there are open positions, many in the Police Department. Property tax revenue is almost $1 million over the FY 2014 projected amount. This is due to the Panda effect and the rate increase of 2.4 cents and some growth in the property tax base. Values are not expected to increase this year.

Sales taxes are projected to decrease from FY 2014 due to the Panda effect. A modest 1.5% to 2% increase has been included over the FY 2013 amount. The net effect is about 78 days for the General Fund at the end of FY 2015.

Mr. Hefton addressed the tax rate and compared it with Sherman's peer cities. Sherman's tax rate is 34.8%, while the average of peer cities is about 60.1%.

He presented a 5-year projected look at the General Fund Budget. Mr. Hefton said the fund balance should be in the 70 to 80 day range. He emphasized that these are only projections based on the best data the City has at the present time.

In the Utility Fund, the water revenues are projected to increase about $600,000, mostly from growth from Panda Energy. The staff also included 1% to 1.5% of growth in the water usage. There are no utility rate increases proposed for FY 2015. Since most of the water revenue increase relates to Panda Energy, there is no corresponding increase in the sewer charges. Because sewer revenues are based on a household's water usage, there is no separate sewer metering. Normally when water revenues increase, so do sewer revenues. However, since Panda Energy is using raw water that is not being sent to the sewer system, that is not the case this year.

Mr. Hefton addressed the "reprieve" from debt services that the City experienced for several years and that allowed them to transfer money to other funds. Historically the debt service is about $6 million. This year the debt service does increase to $5.1 million, or a projected increase of about $500,000 annually, for the expansion of the Water Treatment Plant. In FY 2016 the debt service will increase to approximately $6 million.

Mr. Hefton said FY 2013 is hard to compare on the 5-year projection of the Utility Fund because the Water Treatment Plant was shut-down for a month. The electricity usage and chemical usage were down during this timeframe. The line item for contractual services has decreased considerably because the sludge basins at the Wastewater Treatment Plant have now been cleaned out.

Council Member Johnson asked what the SEDCO revenue was on the line item for the Utility Fund. Mr. Hefton said SEDCO is reimbursing the City for the pro-rata cost of the water and sewer line up U.S. Hwy 75 and is paying for other projects such as the water and sewer lines to S.H. 289. The debt was issued through GTUA, and SEDCO reimburses the City for the debt related to those projects.

On the Solid Waste Fund, Mr. Hefton said there are not many stories, however there has been some appreciated growth in some of the industries. For example, Certainteed has been expanding and using more of the solid waste services. The revenues in 2015 are expected to be lower than 2014, due to Panda Energy, but they are still higher than in 2013.

On expenses, if you subtract the $600,000 that is normally not spent on fleet, the remaining expenses are in the $5.6 million range, which is what a normal year looks like, according to Mr. Hefton. At the end of 2015, the ending fund balance is expected to be at 65 days. He did not feel that was a long-term trend and the fund balance should go back into the 70 plus day range. He said that the transfers out include fleet and the $1.9 million transferred out will return to the $1.2 million to $1.3 million, normally transferred out.

Mr. Hefton said in the General Improvement Fund it appears that the City will be spending $3.4 million, but $1.9 million of that is the one-time transfer from the General Fund and the $1.3 million is money that the City already has in a trust account. When the work is done on the east side of U.S. Hwy 75, UCR will be paying for the work. The Texas Department of Transportation will pay for their portion of the project and then UCR, the company that owns the property where Academy Sports and Kohl's are located, will pay the difference of $1.3 million.

The GIS system will be paid with money from SEDCO and $1.5 million will be transferred in from the General Fund. The line item for "Municipal Building Repair" is money that has been carried over from previous years.

Therefore the only new projects in 2015 for the General Improvement Fund are the Hunt Street Erosion Project and some Fire Station Roof Repairs. That leaves the City Council about $400,000 for other projects that have been discussed the last few months, such as storm water or the fire station land.

In the Utility Improvement Fund, the $1.25 million expense is money that will not be spent in 2014 and will be moved to 2015. There are only two new projects, including the Ricketts Street Water Line and the Wastewater Treatment Plant Basin Cleaning. With money transferred in from the Utility Fund, the City will have about $76,000 in fund balance that could be used for street over-sizing. There is probably not enough money to fund a large project.

Council Member Davis asked about the Gallagher Tank Painting and Repair project. Mr. Hefton said the money was budgeted in 2014 but the work won't be done until 2015. The project will be advertised in the late summer or early fall, so it is being carried forward. He verified that the project will include painting inside and outside the tower, as well as some repairs.

Financial Presentation/Long Term Issues

Mr. Hefton addressed items that were crucial for the City going forward. The Street Sales Tax Election will come in November 2015. The issue will be presented to the voters and if it passes, there will be a period of time that elapses before it is actually collected. The first month the City would receive money from that sales tax would be in June 2016.

Another discussion point will be what the City plans to do long-term in the General Fund and with the capital funding source. After this year there will not be much money in the General or Utility CIP Funds for projects. At that point, what will be the City's source of capital funding.

There will be debt service payments for the Water Treatment Plant. Half a million dollars will come in 2015, but the staff doesn't know what the number will be in the future. There might be Water Development Board funds that can be used to get discounted borrowing rates. Those aren't grants that would pay the City to do the project, but their money is used as leverage to subsidize the rates. Debt would be issued through them at a lower rate to the City.

Mr. Hefton said the Municipal Airport would continue to be an issue that the Council will need to discuss. Other discussions in the future will be to work down the critical needs list. These are items that didn't make it to this budget because there was not enough funding.

City Council Members took a lunch break from 11:48 a.m. to 12:16 p.m.

Council Direction – CIP's and Other

Mr. Hefton asked the Council to think about the top critical issues, which are the Water Treatment Plant expansion, the CIP funding, and the things that have been outlined for employees. These items have been included in the proposed budget and the numbers reflect their funding. What is not included is anything on storm water management or on the fire station issues.

He added that there has been feedback on some changes such as "bumping up" the grants that are funded through the Hotel/Motel Tax. He asked the Council if they were in agreement with what has been presented and then for discussion on other items that are currently not included but should be.

Council Member Johnson asked about the $1.9 million that is being transferred into the General Improvement Fund. Mr. Hefton said the $1.9 million is being transferred into the General Improvement Fund from the General Fund, with $1.5 million being used for the Street Improvement Program. Without the $1.9 million transfer in, the Council would not have any money to do anything with fund balance and could not complete the street program. He added that the $1.5 million to complete the Street Improvement Program is just doing what the City said they would do, not anything extra. From a staff standpoint, Mr. Hefton said that does need to be completed.

Mayor Wacker agreed that it was really important for the City to show that they followed through and invested citizen's tax dollars as they said they would. The next Election would authorize the sales tax for streets for eight years, if approved by the voters. Mr. Hefton said that program is for existing streets only. The money can't be used for new streets or to extend existing streets. It can be used for curb and gutter, sidewalks, drainage, and the street itself, anything within the right-of-way.

Council Member Watt asked for clarification on the storm water issue. Mr. Hefton said there is no dedicated source of funding for storm water projects. The storm water projects will be things such as regional detention, which will be expensive. Today, there are State and Federal dollars to help offset that cost. There is a list of projects for which there is no funding.

One way to get funding is through a storm water fee, however before a City implements a storm water fee, the State requires that a storm water fee study be completed. Cost of the storm water fee study is estimated at $200,000. The study will generate a list of projects with costs. Bonds would need to be issued to pay the debt for the projects.

A storm water fee could be a flat amount on water bills, a development fee based on impervious cover, or a combination of these fees. But essentially, the storm water fee would be necessary for the City to do any storm water projects. There will probably be some funding available to do smaller projects, such as the Hunt Street Erosion project, but that won't make a large "dent" in the $50 million list of top priority projects.

Mr. Hefton said the Council could discuss whether or not they want to fund the storm water fee study, but if they do the study, the implication is that they are going to have a storm water fee in the near future. Does the City Council want to use a portion of the $400,000 to complete a storm water fee study in FY 2015?

Council Member Watt asked if the City was structured managerially to even begin looking at the storm water fee. Even with the study, if the City isn't set up to collect and manage the fee, then it shouldn't be done yet. Mr. Hefton said it's more about what the storm water fee requires than the study itself, because the $50 million in projects won't get done by itself. It will take staff time to manage the process. In addition to the storm water fee study, he said it would probably take additional staff too, and there would be operational costs to manage the program and to maintain the assets. Mr. Hefton said these costs or revenues have not been included in the five-year plan.

Mayor Wacker said if the City moves ahead with the fee study, they would learn how the structure would need to be set up, and they could start building up a revenue stream. In future years, as the revenue is built up, you would start to identify the projects, and staff the program to move forward. She felt the fee would help support additional staff to implement the program.

Council Member Watt said it didn't seem like this would be in this year's budget. He felt it should be removed as a top priority with the hope of moving forward next year. Mayor Wacker said it was identified in the Comprehensive Master Plan and from the Plan, the City completed the Flood Management Study, and will incrementally be addressing the projects as needed. She said there is no way to address the larger projects at this time. Funding would hopefully be a combination of Federal funds, revenues through a storm water fee, and from private development. There is no way to get money for the big projects unless there is a dedicated revenue stream. The question today is should it be this year or next year?

Council Member Sofey asked if there were any other projects that the City might be able to complete. Clay Barnett, Director of Public Works and Engineering, said there are several non-structural items that have a smaller cost impact that might be done. Mr. Olson said there are some smaller items, but it comes down to how the budget performs in the Utility Fund as to whether the City has money to fund the projects. The $70,000 in the Utility Improvement Fund won't go far. Mr. Hefton said there are some administrative, non-project types of things that were identified in the study, but most of those would need to be done in conjunction with other things. He did add that there might be some smaller CIP projects that could be moved forward if the Council would like.

Mayor Wacker said the other project that needs direction is a new fire station. The remaining funding is at $425,000, which can be redirected if the Council wishes. She reiterated that the land acquisition and site plan development for a new fire station was estimated at $300,000.

Council Member Sofey felt it was important to begin looking for property for the fire station. He did not want to set a specific amount of money aside for that purpose. Council Member Plyler felt the sooner the Council acted on that the better, because the price of land is not going down. Council member Johnson said there is also a long lead time for the purchase of land and construction of a fire station. He would like to explore the situation but not set a specific dollar amount. The land could be secured today even if the fire station is built several years from now.

Mayor Wacker said the City doesn't have "working drawings" yet and asked if land was found, could the City move forward on getting a site plan and engineering drawings. Mr. Olson said it would depend. He verified that the Council gave the staff the authority to begin looking and identifying and potentially negotiating for property. He said it could be that the staff could also design specific plans.

Mayor Wacker reiterated that step one was to pursue a location. Mr. Olson said the location would be in the Town Center vicinity. Council Member Watt said one fire station is just off

Texoma Parkway and he asked about the possibility of staying on Texoma Parkway but moving north. J.J. Jones, Fire Chief, said the new station would probably need to be located between Loy Lake Road and Travis Street, north of S.H. 82.

Council Member Plyler asked how that would change what is being done at Blalock Fire Station. Mr. Hefton said the property has not been marketed yet and will be driven by demand. The City is letting SEDCO help drive that as they encourage more development. Mayor Wacker said there is a site for relocation of that fire station, it just depends on timing.

Mr. Hefton verified that the Council did not want to allocate any funding at this point for the new fire station, but leave the funds there for allocation at a future date, when there is more information and a recommendation. On the storm water, he did not hear any consensus on funding the storm water fee study at this time. Council Member Johnson said he liked the idea of moving toward a regional detention policy, but did not think the timing was right now. Maybe it can be revisited in the next couple of years.

Council Member Sofey asked if citizens would still need to continue to follow the ordinance for on-site detention. He said that requirement is expensive financially and is ugly. He asked how they would go about getting rid of on-site detention. The answer was to have regional detention areas.

He asked if the storm water fee study was approved today, would it be years before the on-site detention issue was solved. Mr. Olson said once the study was adopted, it would tell you that you're going to a regional detention requirement. Mr. Barnett said there would be a point where it would make since to bond that project to build a regional detention facility. If a one-acre development is built today, it won't cause a substantial increase in flooding. When developments accumulate, that's when it causes a problem. There could be a certain amount of development and when a critical mass is reached, you could build the regional detention facility. Bonds could be issued for the money that has not been collected and the regional facility could be built.

Mayor Wacker asked if there was any flexibility in the ordinance. Mr. Olson said there can be a fee in lieu of detention in some areas. Mr. Barnett agreed that there should be a fee in lieu of detention, but that doesn't give the City anything to bond against. That is a concern and is where the storm water detention fee could be used. Mr. Hefton said, long-term, there is not a mechanism in place to do something other than on-site detention.

Mr. Barnett said the average storm water fee in Texas is $3 to $5 per residential customer. The study is required to justify the fee and the study takes approximately a year to complete and costs $200,000. Mayor Wacker asked how long the study would be valid. Mr. Olson said the study is based on the current conditions when it is completed and as Sherman grows it will need to expand the footprint.

Mr. Olson said the City won't solve flooding in Sherman. In a 100-year flood, water will cover U.S. Hwy 75, which is a major thoroughfare. These are things that will help today, but as Sherman grows they must determine what the plan is moving forward.

Council Member Plyler said since Sherman is moving toward a regional detention system, would it be better for the citizens not to encumber them with a storm water fee, but to have another avenue for funding specific, regional storage solutions. Mr. Olson said the thing he likes about the storm water fee is that it is specific. It is a dedicated, on-going revenue source for use for regional facilities. Mayor Wacker said it is equitable too. The purpose of the study is to make sure the fee is in line with what a household or business specifically contributes to storm water runoff. Mr. Hefton added that you can do storm water projects without storm water fees, as long as the money is there. From a staff standpoint, the storm water fee is good because it is earmarked for that specific purpose.

Council Member Plyler said he wasn't sure where a regional detention facility would be located for Post Oak Creek. Mr. Hefton said the plan identifies where the regional facilities would be located. That work has already been done. Funding the projects is the problem.

Mr. Barnett verified that the Storm Water Plan cost $333,000, and the City paid half and the Texas Water Development Board paid the remainder.

Council Member Watt asked if the storm water fee study could be considered an economic development issue. Mr. Olson did not think it would be, but the staff could ask SEDCO. He also asked if now was the right time to do the study and implement the fee. Council Members discussed the storm water fee and its implementation.

Mayor Wacker questioned if there was enough money to do both the storm water fee study and something on the fire station. Council Member Johnson asked if the City funded the storm water fee study, would there be enough money for the land purchase for the fire station. Mr. Olson said the Council could authorize the fee study and the staff could still look for a location for the fire station with the $400,000. If the land purchase was more, the Council could consider moving money to fund the purchase. Mr. Hefton said the Council could consider a budget amendment if needed, but the impact would be determined by the amount needed.

Council Member Plyler said it sounds like the fire station property is the main priority. He verified that the cost of the storm water fee study was $200,000, and asked if the City could accrue half the money this year and half next year. That would also allow time for citizen input.

Mr. Olson emphasized that the renewal of the street sales tax next year was going to be critical.

Council Member Davis said he was very opposed to increasing the property tax. The property tax was increased last year, it will probably be increased this year, then the storm water fee, this is another $3 to $5 per month, and then you're going back to the voters and ask them to renew the street sales tax. Mayor Wacker said the street sales tax doesn't increase anything, but would just renew what is already there. However, she said it would be a very negative effect if it's not renewed.

Council Member Davis verified that the 2.4 cent increase in property taxes would equal about $550,000. He said the City's budget is $60 million, and $500,000 is less than 1% of the budget. He asked what else could be cut to save that $500,000, adding he didn't want to hear closing the Splash, closing the library, or not mowing the baseball fields. Mr. Hefton asked if he meant $500,000 ongoing or for one year. Council Member Davis clarified by saying for one year.

Mr. Hefton answered that the things that were added this year were for police and for employees, so that would probably be up for discussion. Council Member Davis said there is $425,000 in the General Improvement Fund and that could be reduced. Mr. Hefton said there is no requirement that a specific amount is kept in that fund. Council Member Davis added that it was also possible to bring the reserves of the General Fund down to 72 days of fund balance. Mr. Hefton said it was possible, but he expressed concern about bringing the fund balance down and said anything that is done in 2015 to defer building back up the $1.5 million, pushes all other numbers even lower. His concern was not for 2015 if this was done, but for 2016, 2017, and 2018.

Mayor Wacker added that this is the approach the Council has taken for the last six years, borrowed from everything and built a bigger deficit into the budget, and not addressed the ongoing needs of the City. Now the City is taking “bigger hits” on equipment purchases and ongoing maintenance on items that are really critical to the operation of a City at the level that the citizens expect. She said at some point, a low tax rate in itself has no value to people because it takes away what they need in their daily life. Compared to other cities, Sherman’s tax rate is so low, that you want to apologize because you can’t deliver the things people really want. Every dollar paid in taxes comes back to the citizens in a service that improves their life on an ongoing basis.

Council Member Davis said he has lived in Sherman for approximately 15 years and has been very happy with the service and feels that the employees, the direction, and the philosophy have done very well. The Council has done a good job through some very difficult times these past years. He added that he hates to increase taxes unless it is absolutely necessary, and he felt there were ways to avoid a tax increase.

Mr. Hefton said four years ago, there was some extra, one-time money from the Utility Fund that was used. That can no longer be done from the Utility Fund because the debt service is increasing for the Water Treatment Plant. That $1 million to $1.5 million a year that has been transferred from the Utility Fund is no longer available. This is a step to help make up that $1.5 million per year.

Council Member Watt said the staff has been told for six or seven years, if they don’t have to have it, don’t budget for it. They have been through the essential versus non-essential exercises. The City has “cut” so much they just can’t “cut” anymore. There have been many great programs that have had to be cut, and after awhile it becomes a second rate City.

Mayor Wacker said she understands what the public mood is, but the Council must take responsibility for the long-term fiscal health of the City too. Knowing that every year you’re just slipping more, at some point you have to address the long-term needs of the City and not encumber future Councils with the burden of fixing these crises.

Council Member Plyler said he is also a “low tax” person, but if the Council doesn’t take modest steps each year, then they will need an increase in a couple of years that will put them in a “rollback” situation. He is looking at 2017 and 2018, and the numbers say Sherman could be in trouble if incremental steps aren’t taken. Sherman’s tax rate is at the bottom of Texas cities, and that’s not good. Citizens leave Sherman to find more things in cities to the south. He felt that in order to keep the City financially healthy, no one would “fuss” about a 2.5 cent property tax increase.

Council Member Davis said he wished we could do these things without a tax increase. He didn’t think a tax increase for $550,000 was worth it. Council Member Sofey said he didn’t want taxes to increase either, but the City has used a lot of band aids and duct tape to hold things together. He expressed concern if the City doesn’t prepare, and if something worse happens, such as the street sales tax doesn’t pass. He felt there should be small steps along the way.

Mayor Wacker said the Council is looking at pro-active financial planning for the City’s future and they are delivering value for what they get. The on-going revenue must address the future needs of the City and that citizens will get the return in services that matter to them. Sherman will still be the second lowest tax rate among their peer cities, by 22 to 25 cents.

Mayor Wacker reiterated that the fire station should be considered first with some options. Mr. Hefton said no money will be put in the budget today for the fire station, but the staff will bring back some recommendations about direction, knowing that the budget can be amended. The money will be kept in the fund for that purpose.

Mayor Wacker said when the situation with the fire station is resolved, if it's possible to move forward with the storm water fee study, that will give the Council a framework for what needs to be done in the future, knowing that it might be a year or two before it is implemented.

Mr. Olson emphasized taking one step at a time. Mr. Hefton said no money will be appropriated for these two projects at this time. Options on the fire station will be discussed later and it will be determined then if there are funds available for the storm water fee study. Council Members did agree.

Mr. Hefton said the information will be put together in Draft Budget form and there will be a series of meetings, public hearings, and disclosures that will be required. The actual adoption of the budget and tax rate will be in August and September. He said the final numbers from the Grayson Appraisal District should be available by the end of July, and changes in the tax base could cause adjustments to the budget.

Mayor Wacker said everyone in the community is working to make sure Sherman stays on a positive trend and we hope these efforts continue to pay off in the next year and each year we end up in a better place and the numbers don't stay flat.

ADJOURNMENT

There being no further business to come before the City Council today, motion was duly made and approved to adjourn the Called meeting at 1:24 p.m. Documentation for the Budget Work Session is held in the General File "Budget Work Session FY 2014-2015" in the City Clerk's Office.

MAYOR

ATTEST

CITY CLERK

STATE OF TEXAS §

July 7, 2014

COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Regular Meeting of the City Council of the City of Sherman, Grayson County, Texas was begun and held in the Council Chambers of City Hall on July 7, 2014.

MEMBERS PRESENT:	**MAYOR CARY WACKER; DEPUTY MAYOR ROBERT SOFTLY. COUNCIL MEMBERS DAVIS, JOHNSON, PLYLER, SOFEY.**
MEMBERS ABSENT:	**COUNCIL MEMBER WATT.**

CALL TO ORDER

CALL TO ORDER

Mayor Wacker called the meeting to order at 5:00 p.m. The Pledge of Allegiance and Invocation were given by Deputy Mayor Robert Softly.

APPROVE MINUTES

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meeting of June 16, 2014. Deputy Mayor Softly moved to approve the Minutes as presented; Second by Council Member Plyler. All present voted AYE.
MOTION CARRIED.

INTRODUCTION AND PUBLIC HEARING OF ORDINANCES

ORD 5820 APPOINTED ASSISTANT POLICE CHIEF POSITION

Mayor Wacker introduced Ordinance 5820 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 9 OF THE CODE OF ORDINANCES, ENTITLED "PERSONNEL", ARTICLE 9.05, ENTITLED "CIVIL SERVICE FOR FIREFIGHTERS AND POLICE OFFICERS", AT SECTION 9.05.026, ENTITLED "AUTHORIZED NUMBER OF POSITIONS", AND AT SECTION 9.05.027, ENTITLED "POSITIONS, CLASSES, DUTIES AND SPECIFICATIONS ENUMERATED", TO ESTABLISH THE APPOINTED POSITION OF ASSISTANT POLICE CHIEF; PROVIDING AN EFFECTIVE DATE; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

Otis Henry, Police Chief, explained that currently police positions are filled through Civil Service tests. He asked the Council to allow him, in accordance with State law, to appoint the position directly below the Chief, which is the Assistant Police Chief position.

No citizens appeared before the City Council to discuss Ordinance 5820.

ORD 5821 COMMERCIAL AUTOMATED COMMINGLED

Mayor Wacker introduced Ordinance 5821 and called for a public hearing:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 13 OF THE CODE

OF ORDINANCES, ENTITLED "UTILITIES", AT ARTICLE 13.06, ENTITLED "SOLID WASTE", TO DELETE IN ITS ENTIRETY SECTION 13.06.089, ENTITLED "MONTHLY CHARGES FOR COMMERCIAL AUTOMATED COMMINGLED RECYCLING AT GOVERNMENTAL, EDUCATIONAL AND NONPROFIT AGENCIES", AND SECTION 13.06.090, ENTITLED "MONTHLY CHARGES FOR COMMERCIAL AUTOMATED (100-GALLON ROLL-OUT CART) COMMINGLED RECYCLING AT COMMERCIAL ESTABLISHMENTS"; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

RECYCLING

Mayor Wacker explained that the ordinance was administrative and would eliminate some duplicate language in the ordinance. It does not change the current rate structure.

No citizens appeared before the City Council to discuss Ordinance 5821.

The Public Hearing was closed.

<u>ADOPTION OF ORDINANCES</u>

Ordinance 5820

ORD 5820 APPOINTED ASSISTANT POLICE CHIEF POSITION

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 9 OF THE CODE OF ORDINANCES, ENTITLED "PERSONNEL", ARTICLE 9.05, ENTITLED "CIVIL SERVICE FOR FIREFIGHTERS AND POLICE OFFICERS", AT SECTION 9.05.026, ENTITLED "AUTHORIZED NUMBER OF POSITIONS", AND AT SECTION 9.05.027, ENTITLED "POSITIONS, CLASSES, DUTIES AND SPECIFICATIONS ENUMERATED", TO ESTABLISH THE APPOINTED POSITION OF ASSISTANT POLICE CHIEF; PROVIDING AN EFFECTIVE DATE; PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

Ordinance 5821

ORD 5821 COMMERCIAL AUTOMATED COMMINGLED RECYCLING

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 13 OF THE CODE OF ORDINANCES, ENTITLED "UTILITIES", AT ARTICLE 13.06, ENTITLED "SOLID WASTE", TO DELETE IN ITS ENTIRETY SECTION 13.06.089, ENTITLED "MONTHLY CHARGES FOR COMMERCIAL AUTOMATED COMMINGLED RECYCLING AT GOVERNMENTAL, EDUCATIONAL AND NONPROFIT AGENCIES", AND SECTION 13.06.090, ENTITLED "MONTHLY CHARGES FOR COMMERCIAL AUTOMATED (100-GALLON ROLL-OUT CART) COMMINGLED RECYCLING AT COMMERCIAL ESTABLISHMENTS"; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER.

ACTION TAKEN.

> **Motion by Council Member Johnson to approve Ordinance Nos. 5820 and 5821, as presented. Second by Council Member Davis.**

VOTING AYE: Davis, Johnson, Plyler, Sofey, Softly.
VOTING NAY: None.
MOTION CARRIED.

CONSENT AGENDA

CONSENT AGENDA

The Council reviewed the Consent Agenda. Deputy Mayor Softly moved to approve the Consent Agenda, as presented. Second by Council Member Plyler. All present voted AYE.

OTHER BUSINESS

RECEIVE QUARTERLY PROGRESS REPORT FROM SHERMAN ECONOMIC DEVELOPMENT CORPORATION BOARD CHAIRMAN CHRIS PENDERGRASS AND SEDCO PRESIDENT SCOTT CONNELL

SEDCO QUARTERLY REPORT

Chris Pendergrass, Sherman Economic Development Corporation Board Chairman, said that during the last quarter SEDCO approved two incentive packages totaling $26 million in investment and 42 additional jobs. The incentive packages total $1.3 million.

The projects include GlobiTech, with an $18 million investment in an expansion, which will add 20 jobs in addition to the 174 positions that are already there. The incentive for this project is $900,000 and will be paid in two payments prior to December 2015.

The other project is an expansion of Emerson Process Management, with an $8 million investment and 22 new jobs. The incentive payout is $400,000.

Mr. Pendergrass said SEDCO has also been working on marketing pieces.

Scott Connell, SEDCO President, thanked the Board Members, City staff, and Council, saying it was a partnership. He added that SEDCO is supported by the economic development sales tax.

He said Panda Power Funds is moving forward and is one of the largest projects in Sherman. They qualified for their first incentive payment during this quarter. They are currently in the testing mode, but a second payment is expected when they go fully on-line. They should be adding power to the grid by summertime.

Mr. Connell said a couple of call centers are moving forward and there are incentive payments this quarter to Direct Connect and West Business Solutions. Direct Connect hired their first 100 employees and West Business Solutions has added another 22 employees.

He said the labor market is getting "tight" but local employers are still able to find employees and the workforce is continuing to grow.

He introduced a marketing campaign that will be integrated into some of the electronic work for a more coordinated look.

Mr. Connell said Progress Park is moving forward and the water line along Flannery Road that crosses SEDCO property will tie into Progress Drive. It's main user will be Panda Energy, however it will also open up additional sites for development.

The Southeastern Freight Lines project continues to grow in Progress Park I, next door to FedEx Ground. Development should be completed in September 2014.

Mr. Connell shared videos from several local businesses to tell their story about development in Sherman. Short videos from Grayson College, Austin College, Presco Products, Emerson Process Management – Fisher Controls, and Tyson Foods were shown and are listed on SEDCO's website.

Mayor Wacker thanked SEDCO Board Members and the staff for their ongoing work to make sure Sherman is a great place to live and work.

APPROVE FINAL PLAT VFW – SHERMAN ADDITION (1707 BAKER DR.)

FINAL PLAT APPROVAL OF V.F.W. – SHERMAN ADDITION, BEING 3.135 ACRES IN THE REUBEN HENDRIX SURVEY, ABSTRACT NO. 504; VFW POST #2772, OWNERS; TEXOMA DEVELOPMENT INC., DEVELOPER, TODD YOUNG, BLUESTONE PARTNERS, REPRESENTATIVE; AND UNDERWOOD DRAFTING AND SURVEYING, SURVEYORS (1707 BAKER DRIVE)

The City Council approved the Final Plat of the V.F.W. – Sherman Addition, located at 1707 Baker Drive. The owners would like to plat the 3.135 acre tract into two lots for commercial development.

The Planning and Zoning Commission recommended approval of the Final Plat, subject to the Staff Review Letter. CONSENT AGENDA.

APPROVE FINAL PLAT O'HANLON RANCH SHOPPING CENTER (2200-2300 BLOCKS NORTH FM 1417

FINAL PLAT APPROVAL OF O'HANLON RANCH SHOPPING CENTER, LOTS 1, 2 AND 3, BLOCK A, BEING 9.592 ACRES IN THE J.B. McANAIR SURVEY, ABSTRACT NO. 763; BAPTIST GENERAL CONVENTION OF TEXAS, OWNERS; THE STAINBACK ORGANIZATION, DEVELOPER; AND KIMLEY-HORN AND ASSOCIATES, INC., ENGINEER/ SURVEYORS (2200-2300 BLOCKS OF NORTH F.M. 1417/ HERITAGE PARKWAY)

The City Council approved the Final Plat of the O'Hanlon Ranch Shopping Center, Lots 1, 2 and 3, Block A, located in the 2200 to 2300 blocks of North FM 1417/Heritage Parkway. The owners would like to plat the 9.592 acre tract into three lots for commercial development.

The Planning and Zoning Commission recommended approval of the Final Plat, subject to the Staff Review Letter. CONSENT AGENDA.

APPROVE REPLAT SOUTHSIDE ADDITION (1511 & 1519 S. TRAVIS ST)

<u>REPLAT APPROVAL OF THE NORTH ½ OF LOT 10 AND ALL OF LOTS 11-14, BLOCK 59, SOUTHSIDE ADDITION, CONTAINING 0.632 ACRES; JEAN KENDALL ERHARDT REVOCABLE INTERVIVOS 2001 TRUST, JOHN O. RAUCH, TRUSTEE AND JOHN O. RAUCH, OWNERS; AND UNDERWOOD DRAFTING AND SURVEYING, SURVEYORS (1511 AND 1519 SOUTH TRAVIS STREET)</u>

The City Council approved the Replat of the North ½ of Lot 10 and all of Lots 11 through 14, Block 59, of the Southside Addition, located at 1511 and 1519 South Travis Street. The prospective buyer would like to plat the 0.632 acre tract into two lots for residential development.

The Planning and Zoning Commission recommended approval of the Replat, subject to the Staff Review Letter. CONSENT AGENDA.

APPROVE REPLAT PECAN GROVE VILLAGE ADDITION (3715, 3803 & 3807 MERRIMAC DR)

<u>REPLAT APPROVAL OF LOTS 4, 5 AND 6, BLOCK F, PECAN GROVE VILLAGE ADDITION, CONTAINING 0.609 ACRES; BLAIR WEAVER, OWNER; AND UNDERWOOD DRAFTING AND SURVEYING, SURVEYORS (3715, 3803 AND 3807 MERRIMAC DRIVE)</u>

The City Council approved the Replat of Lots 4, 5 and 6, Block F, of the Pecan Grove Village Addition, located at 3715, 3803 and 3807 Merrimac Drive. The owners would like to replat the 0.609 acre tract from three lots into two lots for residential development.

The Planning and Zoning Commission recommended approval of the Replat, subject to the Staff Review Letter. CONSENT AGENDA.

VACATION OF PLAT DEVIN CARTER ADDITION IN ETJ (2000 BLOCK OF BAKER RIDGE RD)

<u>VACATION OF PLAT APPROVAL OF DEVIN CARTER ADDITION IN THE EXTRA TERRITORIAL JURISDICTION (ETJ) OF THE CITY OF SHERMAN, BEING 18.49 ACRES IN THE HENRY KATTENHORN SURVEY, ABSTRACT NO. 671; CHRISTOPHER AND WENDY VELLOTTI, OWNERS; AND SARTIN AND ASSOCIATES, SURVEYORS (2000 BLOCK OF BAKER RIDGE ROAD)</u>

The City Council approved the vacation of Plat of the Devin Carter Addition, located in the Extra Territorial Jurisdiction of the City, in the 2000 block of Baker Ridge Road. The 18.49 acre tract was platted into five lots and recorded in Volume 18, Pages 76 and 77 of the Plat Records of Grayson County on May 5, 2006.

The property was never developed and the new owner has purchased all lots in the subdivision. He would like to vacate the plat to turn the property back into one lot to build a residence.

The Planning and Zoning Commission recommended approval of the Vacation of Plat, subject to the Staff Review Letter.
CONSENT AGENDA.

CITIZENS REQUESTS
T-MOBILE STORE

T-MOBILE STORE

Lucas Nelson, 3903 U.S. Hwy 75 North, said about 90 days ago he was charged with the opportunity of redirecting the local T-Mobile store that has been in Sherman for approximately 10 years. One thing that is holding them back is the ability to provide similar services to their customers that other businesses in Sherman provide.

T-Mobile has recently taken a huge media directive concerning cell phone device trade-in, allowing customers to take advantage of special offers allowing them to "get out of their service" with competitors.

Other stores throughout Texas and the Nation have the ability to allow customers to step into the store, produce a device from a competitor, and be offered instant trade value for that device which can be used toward the cost of conducting or starting service that same day.

Mr. Nelson said the Sherman location is not able to offer that service. He said they need to determine the proper channel through the City to get through the "red tape" and begin to offer these services to their customers.

George Olson, City Manager, will meet with Mr. Nelson after the meeting to help him move forward.

MEDIA QUESTIONS

MEDIA QUESTIONS

There were no media questions.

COUNCIL COMMENTS
REPORT FROM SEDCO

REPORT FROM SEDCO

Council Member Sofey said he appreciated the report from SEDCO representatives. He felt there were a lot of positive things going on in the area.

INDEPENDENCE DAY WEEKEND

INDEPENDENCE DAY WEEKEND

Deputy Mayor Softly said it was a great weekend.

LIGHTS ON THE LAKE

LIGHTS ON THE LAKE

Council Member Plyler said he appreciated all the City staff and workers that helped with Lights on the Lake this year. It was a great event and everyone did a great job.

REPORT FROM SEDCO

REPORT FROM SEDCO

Council Member Plyler also thanked SEDCO for their hard work.

LIGHTS ON THE LAKE

LIGHTS ON THE LAKE

Council Member Johnson thanked all City staff for Lights on

the Lake, saying it was a great event.

REPORT FROM SEDCO

REPORT FROM SEDCO
Council Member Johnson thanked Mr. Connell, Mr. Pendergrass, and their team for all of SEDCO's hard work.

LIGHTS ON THE LAKE

LIGHTS ON THE LAKE
Mayor Wacker said she was very proud of the City staff for the Lights on the Lake event. She said it is tremendous to be able to celebrate as a community and share the celebration of our Nation's heritage with the entire region.

ANNOUNCEMENTS

ANNOUNCEMENTS
Mayor Wacker announced the following:

- **Clay Barnett, Director of Public Works and Engineering, received the Texas Society of Professional Engineers "Excellence Award" at their annual meeting in June. Mr. Barnett was one of three recipients and the only individual receiving the award. He was recognized for his outstanding contribution and his ability to promote TSPE's mission and goals.**

- **Hot Summer Nights continues this week through the end of July. All July concerts will be held at the Pecan Grove Park Amphitheater. The event is held on Thursdays at 7:30 p.m.**

- **On Saturday, July 12, 2014, Downtown Sherman Preservation & Revitalization will host "Christmas in July" on the Courthouse grounds from 10:00 a.m. until 2:00 p.m. They are also asking participants to bring a can of food to be donated to a local food bank.**

- **The Opening Ceremonies for the 2014 Texas Teenage 10 and Under State Softball Tournament will be held at Old Settlers Park beginning July 13, 2014 at 7:00 p.m. Twenty three teams will be participating in the Tournament.**

EXECUTIVE SESSION

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

SECTION 551.074 **PERSONNEL MATTERS**
CONSIDER THE QUALIFICATIONS, APPOINTMENT AND REMOVAL OF MEMBERS TO BOARDS AND COMMISSIONS:

PLANNING AND ZONING COMMISSION (CHAIRMAN)

SHERMAN HOUSING AUTHORITY (3)

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 5:30 p.m.

On Motion duly made and carried, the Executive Session recessed at 5:38 p.m. and reconvened in Open Meeting.

OPEN MEETING

<u>OPEN MEETING</u>
Reconvene into Open Meeting and take action, if any, on items discussed in Executive Session.

PLANNING & ZONING COMMISSION CHAIRMAN

<u>APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO BOARDS AND COMMISSIONS</u>
<u>PLANNING AND ZONING COMMISSION (CHAIRMAN)</u>
ACTION TAKEN.

> **Motion by Council Member Johnson to appoint Joe Gilbert as the Chairman of the Planning and Zoning Commission for a term from July 8, 2014 to July 8, 2016. Second by Council Member Sofey.**

VOTING AYE: Davis, Johnson, Plyler, Sofey, Softly.
VOTING NAY: None.
MOTION CARRIED.

SHERMAN HOUSING AUTHORITY

<u>SHERMAN HOUSING AUTHORITY (3)</u>
ACTION TAKEN.

> **Motion by Council Member Plyler to reappoint Janet Roy and Wanda Crook to the Sherman Housing Authority for a term from June 1, 2014 to June 1, 2016 and to appoint Craig Anthony Davis, Sr. for a term from July 8, 2014 to July 8, 2016. Second by Deputy Mayor Softly.**

VOTING AYE: Davis, Johnson, Plyler, Sofey, Softly.
VOTING NAY: None.
MOTION CARRIED.

ADJOURNMENT

<u>ADJOURNMENT</u>
On Motion duly made and carried, the meeting adjourned at 5:39 p.m.

____
MAYOR

____
CITY CLERK

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. B. 1.**

Meeting Date: 07/21/2014

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved by: George Olson, City Manager

Caption:

CONSENT AGENDA

Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately

List of Agenda Items:

C.2. **** RESOLUTION NO. 5867***
Approving the Greater Texoma Utility Authority's Intention to Contract with Felix Construction Company for Installation of the Ultraviolet (UV) Disinfection Equipment at the Wastewater Treatment Plant

C.3. **** RESOLUTION NO. 5868***
Approving the Greater Texoma Utility Authority's Intention to Contract with PC Contractors, LLC for Construction of Sand Creek Sewer North Branch (289 Sewer)

C.4. **** RESOLUTION NO. 5869***
Authorizing Execution of a Professional Engineering Services Agreement with Freeman-Millican, Inc. for the Sherman Industrial Park Replacement Sewer

D.1. **** REQUEST TO ADVERTISE***
Two-Way Radio and Early Warning Siren Maintenance

E.4. **** OTHER BUSINESS***
Approve Quarterly Investment Report for Quarter Ended June 30, 2014

E.5. **** OTHER BUSINESS***
Consider Request of United Way of Grayson County to Temporarily Close Certain Streets for the "United Way Hustle for Health" on Saturday, August 16, 2014

E.6. **** OTHER BUSINESS***
Consider Request of the Crisis Center of Grayson County to Temporarily Close Certain Streets for the "Seeds of Hope Moonlight 5K & Fun Run" on Saturday, September 6, 2014

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. C. 1.**

Meeting Date: 07/21/2014

Prepared By: Robby Hefton, Assistant City Manager/CFO

Approved By: George Olson, City Manager

Caption:

RESOLUTION NO. 5866

Relating to Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project), Approving the Issuance Thereof and the Facilities to be Constructed or Acquired by such Authority for the Benefit of the City

Issue:

Approving bond issuance through the Greater Texoma Utility Authority (GTUA) for $1.78 million of improvements to the City's wastewater infrastructure

Background:

The City has various upcoming wastewater improvement projects to be managed through GTUA. These projects include, but are not limited to, the Wastewater Treatment Plant Ultraviolet (UV) Disinfection System Upgrade and the Eastside Outfall Sewer. The combined cost of these projects will be about $1.78 million. These bonds will be sold through the Texas Water Development Board's (TWDB) Clean Water State Revolving funds.

GTUA General Manager Drew Satterwhite will be on hand to answer any questions or offer additional information as needed.

Origination:

Drew Satterwhite, P.E., GTUA General Manager

Financial Consideration:

Debt service on these bonds will be paid by the City to GTUA in accordance with the Contract for Water Supply and Sewer Service between the two entities. Funds for this contractual debt repayment are generated through the City's water and sewer revenues.

Staff Recommendation:

It is recommended that the resolution be passed as presented, confirming GTUA's issuance of these bonds.

Alternatives:

No viable alternatives can be suggested at this time.

Attachments

Resolution No. 5866

Exhibit B - Texas Water Development Board Commitment

RESOLUTION NO. 5866

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, RELATING TO GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS, SERIES 2014 (CITY OF SHERMAN PROJECT), APPROVING THE ISSUANCE THEREOF AND THE FACILITIES TO BE CONSTRUCTED OR ACQUIRED BY SUCH AUTHORITY FOR THE BENEFIT OF THE CITY; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, the Greater Texoma Utility Authority (the "Authority") and the City of Sherman, Texas (the "City") have previously executed and delivered a Contract for Water Supply and Sewer Service, dated as of March 1, 1985 (the "Contract"), whereby the Authority is to provide water and sewer services to the City; and

WHEREAS, under Section 4.15 of the Contract, it is provided that the City shall approve the issuance by the Authority of any bonds that are to be payable (in whole or in part) from certain moneys that the City has contracted to pay under the provisions of the Contract; and

WHEREAS, in connection with the proposed "Greater Texoma Utility Authority Contract Revenue Bonds, Series 2014 (City of Sherman Project)" (the "Bonds"), the Texas Water Development Board (the "Board") has agreed, pursuant to an Application Requesting Financial Assistance (the "Application"), to purchase the Bonds and, therefore, it is neither necessary nor advisable for the Authority to prepare a Notice of Sale because, insofar as the City is concerned, the Application contains sufficient information to accomplish the purpose of a Notice of Sale; and

WHEREAS, the net effective interest rate on the Bonds will not exceed the maximum permitted by law (as defined in Chapter 1204, Texas Government Code, as amended) and it is now appropriate for this Council to approve the Application (in lieu of approving a Notice of Sale with respect to the Bonds) as well as the issuance and delivery of the Bonds and the facilities to be constructed or acquired with the proceeds of the Bonds for the project described in Exhibit A (the "Series 2014 Project") attached to the Resolution of the Authority authorizing the Bonds (the "Bond Resolution");

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

<u>SECTION 1.</u> That all of the above and foregoing recitals and preambles are found to be true and correct, and made a part of this resolution for all purposes.

<u>SECTION 2.</u> That the facilities to be constructed, acquired, and improved by the Authority with the proceeds of the Bonds for the Series 2014 Project described in **Exhibit A** hereto and in Exhibit A attached to the Bond Resolution are hereby approved. The issuance of the Bonds by the Authority and the use of the proceeds thereof, as described in Exhibit A to the Bond Resolution, is hereby approved. The Bond Resolution is approved as to form and content, and the City acknowledges that the payment of principal of and interest on the Bonds is payable, in whole or in part, from payments to be made by the City under and pursuant to the Contract. The City agrees to provide the reports described in the Bond Resolution within the times specified therein, in compliance with the Board's commitment. The City agrees with the obligations and conditions set forth in the Board's Commitment 14-44, as amended. A copy of such commitment is attached hereto as **Exhibit B**.

SECTION 3. That it is the purpose and intent of the City Council of the City to approve the Bond Resolution, and the facilities to be constructed, acquired, and improved in full accordance with the provisions of the Contract mentioned in the preamble hereof. To the extent required by the Board or the Office of the Attorney General of Texas, the Authority is authorized by this City Council to make changes and revisions to the Bond Resolution from the form approved by this Resolution in order to expedite the delivery of the Bonds. It is the intent of the City to authorize the Authority to proceed with the construction, acquisition, and improvement of the facilities at the earliest possible date, but nothing herein shall be construed as a limitation upon the right and power of the City to approve a change in the facilities for which the Bonds are to be issued (but not the purpose for which the Bonds are to be issued as set forth in the Bond Resolution), the City specifically reserving the right to modify the facilities for which the Bonds are being issued if the Authority and the City agree such modification should be made.

SECTION 4. That Exhibit C to the Contract is amended to include the definition of Project attached hereto as Exhibit A. In all other respects, the Contract is reapproved and shall be and remain in full force as the agreement of the parties.

SECTION 5. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and that public notice of the time, place, and purpose of said meeting was given as required.

SECTION 6. That this Resolution shall be effective from and after its adoption, and it is so resolved.

[remainder of page left blank intentionally]

PASSED AND APPROVED on this the _______ day of ______________, 2014.

CITY OF SHERMAN, TEXAS

BY: ____________________________________
CAROLYN S. WACKER, MAYOR

ATTEST:

BY: ______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

(CITY SEAL)

EXHIBIT A

SERIES 2014 PROJECT DESCRIPTION

Wastewater Projects:

Wastewater Treatment Plant Improvements

Upgrading the UV disinfection system to replace sensors, control elements and other equipment as necessary with more reliable components, reconstructing the head works for lift station and other appurtenances as necessary.

Wastewater Collection System

Replacement of existing 12” and 18” sewer and new 18” sewer main and other appurtenances as necessary.

EXHIBIT B

COMMITMENT OF THE TEXAS WATER DEVELOPMENT BOARD

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE IN THE AMOUNT OF
$1,780,000 TO GREATER TEXOMA UTILITY AUTHORITY
FROM THE CLEAN WATER STATE REVOLVING FUND
THROUGH THE PROPOSED PURCHASE OF
$1,780,000 GREATER TEXOMA UTILITY AUTHORITY CONTRACT REVENUE BONDS,
PROPOSED SERIES 2014 (CITY OF SHERMAN PROJECT)

(14-44)

WHEREAS, the Greater Texoma Utility Authority, located in Denton County, Texas (Authority) has filed an application for financial assistance in the amount of $1,780,000 from the Clean Water State Revolving Fund (CWSRF) to finance the planning, design and construction of certain wastewater system improvements identified as Project No. 73689; and

WHEREAS, the Authority seeks financial assistance from the Texas Water Development Board (TWDB) through the TWDB's proposed purchase of $1,780,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2014 (together with all authorizing documents, "Obligations"), all as is more specifically set forth in the application and in recommendations of the TWDB's staff; and

WHEREAS, the Authority has offered a pledge of gross revenues from the City of Sherman as sufficient security for the repayment of the Obligations; and

WHEREAS, the TWDB hereby finds:

1. that the revenue and/or taxes pledged by the Authority will be sufficient to meet all the Obligations assumed by the Authority, in accordance with Texas Water Code § 15.607;

2. that the application and assistance applied for meet the requirements of the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 *et seq.*, as well as state law, in accordance with Texas Water Code § 15.607;

3. that the Authority has adopted and implemented a water conservation program for the more efficient use of water that will meet reasonably anticipated local needs and conditions and that incorporates practices, techniques or technology prescribed by the Texas Water Code and TWDB's rules; that the Authority has considered cost-effective, innovative, and nonconventional methods of treatment, in accordance with Texas Water Code § 15.007; and

4. that the Executive Administrator adopted the Environmental Determination on October 19, 2012, under Project No. 72221 on the segment of the current project related to the UV upgrades at the wastewater treatment plant and a mid-level environmental review for the Eastside Outfall Sewer is currently underway.

NOW THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to the Authority for financial assistance in the amount of $1,780,000 from the Clean Water State Revolving Fund through the TWDB's proposed purchase of $1,780,000 Greater Texoma Utility Authority Contract Revenue Bonds, Proposed Series 2014 This commitment will expire on June 30, 2015.

Such commitment is conditioned as follows:

Standard Conditions

1. this commitment is contingent on a future sale of bonds by the TWDB or on the availability of funds on hand;

2. this commitment is contingent upon the issuance of a written approving opinion of the Attorney General of the State of Texas stating that all of the requirements of the laws under which said Obligations were issued have been complied with; that said Obligations were issued in conformity with the Constitution and laws of the State of Texas; and that said Obligations are valid and binding obligations of the Authority;

3. this commitment is contingent upon the Authority's compliance with all applicable requirements contained in 31 TAC Chapter 375;

4. the Obligations must provide that the Obligations can be called for early redemption only in inverse order of maturity, and on any date beginning on or after the first interest payment date which is 10 years from the dated date of the Obligations, at a redemption price of par, together with accrued interest to the date fixed for redemption;

5. the Authority, or an obligated person for whom financial or operating data is presented to the TWDB in the application for financial assistance either individually or in combination with other issuers of the Authority's Obligations or obligated persons, will, at a minimum, regardless of the amount of the Obligations, covenant to comply with requirements for continuing disclosure on an ongoing basis substantially in the manner required by Securities and Exchange Commission (SEC) in 17 CFR § 240.15c2-12 (Rule 15c2-12) and determined as if the TWDB were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the TWDB and the beneficial owners of the Authority's Obligations, if the TWDB sells or otherwise transfers such Obligations, and the beneficial owners of the TWDB's bonds if the Authority is an obligated person with respect to such bonds under SEC Rule 15c2-12;

6. the Obligations must contain a provision requiring the Authority to levy a tax and/or maintain and collect sufficient rates and charges to produce system revenues in an amount necessary to meet the debt service requirements of all outstanding obligations and to maintain the funds established and required by the Obligations;

7. the Obligations must include a provision requiring the Authority to use any loan proceeds from the Obligations that are determined to be surplus funds remaining after completion of the project for the following purposes as approved by the Executive Administrator: (1) to redeem, in inverse annual order, the Obligations owned by the TWDB; (2) deposit into

the Interest and Sinking Fund or other debt service account for the payment of interest or principal on the Obligations owned by the TWDB; or (3) eligible project costs as authorized by the Executive Administrator;

8. the Obligations must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Obligations that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect;

9. loan proceeds are public funds and, as such, the Obligations must include a provision requiring that these proceeds shall be held at a designated state depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257;

10. loan proceeds shall not be used by the Authority when sampling, testing, removing or disposing of contaminated soils and/or media at the project site. The Obligations shall include an environmental indemnification provision wherein the Authority agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the Authority, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law;

11. prior to closing, the Authority shall submit documentation evidencing the adoption and implementation of sufficient system rates and charges or, if applicable, the levy of an interest and sinking tax rate sufficient for the repayment of all system debt service requirements;

12. prior to closing, and if not previously provided with the application, the Authority shall submit executed contracts for engineering, and, if applicable, financial advisor and bond counsel contracts, for the project that are satisfactory to the Executive Administrator. Fees to be reimbursed under the contracts must be reasonable in relation to the services performed, reflected in the contract, and acceptable to the Executive Administrator;

13. prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the Authority shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB;

14. the Executive Administrator may require that the Authority execute a separate financing agreement in form and substance acceptable to the Executive Administrator;

Conditions Related To Tax-Exempt Status

15. the Authority's bond counsel must prepare a written opinion that states that the interest on the Obligations is excludable from gross income or is exempt from federal income taxation. Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;

16. the Authority's bond counsel opinion must also state that the Obligations are not "private activity bonds." Bond counsel may rely on covenants and representations of the Authority when rendering this opinion;

17. the Obligations must include a provision prohibiting the Authority from using the proceeds of this loan in a manner that would cause the Obligations to become "private activity bonds" within the meaning of § 141 of the Internal Revenue Code of 1986, as amended (Code) and the Treasury Regulations promulgated thereunder (Regulations);

18. the Obligations must provide that no portion of the proceeds of the loan will be used, directly or indirectly, in a manner that would cause the Obligations to be "arbitrage bonds" within the meaning of § 148(a) of the Code and Regulations, including to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan (Source Series Bonds), other than Nonpurpose Investments acquired with:

    a. proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;

    b. amounts invested in a bona fide debt service fund, within the meaning of § 1.148-1(b) of the Regulations; and

    c. amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Obligations, 125% of average annual debt service on the Obligations, or 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Obligations;

19. the Obligations must include a provision requiring the Authority take all necessary steps to comply with the requirement that certain amounts earned on the investment of gross proceeds of the Obligations be rebated to the federal government in order to satisfy the requirements of § 148 of the Code. The Obligations must provide that the Authority will:

    a. account for all Gross Proceeds, as defined in the Code and Regulations, (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and retain all records of such accounting for at least six years after the final Computation Date. The Authority may, however, to the extent permitted by law, commingle Gross Proceeds of its loan with other money of the Authority, provided that the Authority separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;

b. calculate the Rebate Amount, as defined in the Code and Regulations, with respect to its loan, not less frequently than each Computation Date, in accordance with rules set forth in § 148(f) of the Code, § 1.148-3 of the Regulations, and the rulings thereunder. The Authority shall maintain a copy of such calculations for at least six years after the final Computation Date;

c. as additional consideration for the making of the loan, and in order to induce the making of the loan by measures designed to ensure the excludability of the interest on the TWDB's Source Series Bonds from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in paragraph (b) above within 30 days after each Computation Date;

d. exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (b) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by the Regulations;

20. the Obligations must include a provision prohibiting the Authority from taking any action that would cause the interest on the Obligations to be includable in gross income for federal income tax purposes;

21. the Obligations must provide that the Authority will not cause or permit the Obligations to be treated as "federally guaranteed" obligations within the meaning of § 149(b) of the Code;

22. the transcript must include a No Arbitrage Certificate or similar Federal Tax Certificate setting forth the Authority's reasonable expectations regarding the use, expenditure and investment of the proceeds of the Obligations;

23. the transcript must include evidence that the information reporting requirements of § 149(e) of the Code will be satisfied. This requirement may be satisfied by filing an IRS Form 8038 with the Internal Revenue Service. In addition, the applicable completed IRS Form 8038 or other evidence that the information reporting requirements of § 149(e) have been satisfied must be provided to the Executive Administrator within fourteen (14) days of closing. The Executive Administrator may withhold the release of funds for failure to comply;

24. the Obligations must provide that neither the Authority nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Obligations to be acquired from the Authority by the TWDB;

State Revolving Fund Conditions

25. the Authority shall submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines;

26. the Obligations must include a provision stating that all laborers and mechanics employed by contractors and subcontractors for projects shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The Authority, all contractors, and all sub-contractors shall ensure that all project contracts mandate compliance with Davis-Bacon. All contracts and subcontracts for the construction of the project carried out in whole or in part with financial assistance made available as provided herein shall insert in full in any contract in excess of $2,000 the contracts clauses as provided by the TWDB;

27. the Obligations must include a provision stating that the Authority shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The Authority shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Obligations are outstanding;

28. the Obligations shall provide that all loan proceeds will be timely and expeditiously used, as required by 40 CFR § 35.3135(d), and also shall provide that the Authority will adhere to the approved project schedule;

29. the Obligations must contain a covenant that the Authority will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by the 2014 Appropriations Act and related State Revolving Fund Policy Guidelines.

Clean Water State Revolving Fund Conditions

30. prior to or at closing, the Authority shall pay a 1.85% origination fee to the TWDB calculated pursuant 31 TAC Chapter 375;

31. at the TWDB's option, the TWDB may fund the financial assistance under this Resolution with either available cash-on-hand or from bond proceeds. If the financial assistance is funded with available cash-on-hand, the TWDB reserves the right to change the designated source of funds to bond proceeds issued for the purpose of reimbursing funds used to provide the financial assistance approved in this Resolution;

Pledge Conditions For The Loan

32. if the Authority has existing revenue obligations with the same pledge of security as the proposed Obligations that will remain outstanding after any loan(s) made by the TWDB pursuant to this commitment, the lien or liens securing the Obligations issued to the TWDB shall be at least on a parity with lien or liens securing such outstanding obligations;

33. upon request by the Executive Administrator, the Authority shall submit annual audits of contracting parties for the Executive Administrator's review;

34. the Obligations must contain a provision requiring the Authority to require its customers to maintain rates and charges sufficient to pay all of their revenue obligations arising from the operation of the water and sewer system;

35. the Obligations must contain a provision that the pledged contract revenues from the Authority may not be pledged to the payment of any additional parity obligations of the Authority secured by a pledge of the same contract revenues unless the Authority demonstrates to the Executive Administrator's satisfaction that the pledged contract revenues will be sufficient for the repayment of all Obligations and additional parity obligations;

36. prior to closing, the Authority must submit executed contracts between the Authority and the contracting parties regarding the contract revenues pledged to the payment of the Authority's Obligations, in form and substance acceptable to the Executive Administrator. Such contracts shall include provisions consistent with the provisions of this Resolution regarding the contracting parties' annual audits, the setting of rates and charges and collection of revenues sufficient to meet the Authority's debt service obligations and additional parity obligations;

PROVIDED, however, the commitment is subject to the following special conditions:

Special Conditions:

37. the Authority shall not amend or revise the Water and Sewer Facilities Contract with the City of Sherman, which is the revenue source for the pledge, if the revision or amendment affects the financial condition of the Authority or its' ability to repay the loan described in this Commitment without receiving the written approval of the TWDB's Executive Administrator;

38. the Authority must notify the Executive Administrator prior to taking any actions to alter its legal status in any manner, such as by conversion to a conservation and reclamation district or a sale-transfer-merger with another retail public utility;

39. the Obligations must include a provision requiring that, prior to any action by the Authority to convey its Obligations held by the TWDB to another entity, the conveyance and the assumption of the Obligations must be approved by the TWDB;

40. the Authority must comply with the standard emergency discovery conditions for threatened and endangered species and cultural resources, as more fully specified in the final environmental finding of the Executive Administrator; and

42. the loan is approved for funding under the TWDB's pre-design funding option, and initial and future releases of funds are subject to 31 TAC Chapter 375.

APPROVED and ordered of record this 18th day of June, 2014.

TEXAS WATER DEVELOPMENT BOARD

Carlos Rubinstein, Chairman

DATE SIGNED: 6-18-14

ATTEST:

Kevin Patteson
Executive Administrator

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No.** **C. 2.**

Meeting Date: 07/21/2014

Prepared By: Mark Gibson, Director of Utilities

Approved By: George Olson, City Manager

Caption:

**** RESOLUTION NO. 5867***

Approving the Greater Texoma Utility Authority's Intention to Contract with Felix Construction Company for Installation of the Ultraviolet (UV) Disinfection Equipment at the Wastewater Treatment Plant

Issue:

Approving the intention of the Greater Texoma Utility Authority (GTUA) to administer an agreement for the installation of the UV disinfection equipment at the City's Wastewater Treatment Plant

Background:

The current Capital Improvement Program contains a project to replace the UV disinfection equipment at the City's Wastewater Treatment Plant. The project consists of removing the existing UV equipment and installing new UV equipment. Five (5) bidders responded to the request for bids. A bid tabulation is attached. The low bid in the amount of $1,157,146.00 was submitted by Felix Construction Company.

Origination:

Department of Utilities Administration

Financial Consideration:

The project is funded through the GTUA.

Staff Recommendation:

It is recommended that the City Council approve GTUA's intention to contract with Felix Construction Company in the amount of $1,157,146.00.

Alternatives:

As may be directed by the City Council

Attachments

Resolution No. 5867

Location Map

Letter of Recommendation

RESOLUTION NO. 5867

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO CONTRACT WITH FELIX CONSTRUCTION COMPANY FOR INSTALLATION OF THE ULTRAVIOLET (UV) DISINFECTION EQUIPMENT AT THE WASTEWATER TREATMENT PLANT; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City of Sherman hereby approves the Greater Texoma Utility Authority's intention to enter into a contract with Felix Construction Company in the total amount of One Million, One Hundred Fifty-Seven Thousand, One Hundred Forty-Six Dollars and Zero Cents ($1,157,146.00) for the installation of the ultraviolet (UV) disinfection equipment at the City's Wastewater Treatment Plant.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

PASSED AND APPROVED on this the _____ day of ________________, 2014.

CITY OF SHERMAN, TEXAS

BY: ______________________________________
CAROLYN S. WACKER, MAYOR

ATTEST:

BY: _______________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:

BY: _______________________________
BRANDON S. SHELBY, CITY ATTORNEY

Sherman
CLASSIC TOWN. BROAD HORIZON.
Engineering Department

Wastewater Treatment Plant

N

1 inch = 500 feet

FREEMAN-MILLICAN, INC.
ENGINEERS - ARCHITECTS - PLANNERS

TERRY MILLICAN, R.P.L.S.
RICHARD A. DORMIER, P.E.
JOHN D. GATTIS, A.I.A.
DAMIR LULO, P.E.
MICHAEL K. STACEY, P.E.
LARRY J. FREEMAN, P.E.

July 13, 2014

Mr. Drew Satterwhite, P.E.
General Manager
Greater Texoma Utility Authority
5100 Airport Drive
Denison, Texas 75020

Re: Sherman WWTP UV Disinfection System Replacement Construction Award

Dear Mr. Satterwhite:

Bids were received for the construction of ultraviolet (UV) disinfection system replacement at the Sherman Wastewater Treatment Plant (WWTP) on July 10, 2014. A bid tabulation is attached. The project consists of installing all UV replacement equipment, control system and appurtenances including testing and start up.

Seven general contractors pick-up bid documents. Five bids were received. The low bid is from Felix Construction Company in the amount of $1,157,146.00. Bids were competitive as reflected by the bid tabulation and all below our estimate of $1,355,000.00.

Felix Construction Company has over 27 years of experience and has over $44,000,000.00 worth of work in progress. We have talked to several owner/engineers that have worked with Felix on previous projects. All references were very positive about Felix's performance. We have also reviewed the low bidder's financial statement and provided a copy to the GTUA staff. Felix Construction Company is headquartered in the Phoenix, Arizona area and has a Dallas office. We recommend that the Greater Texoma Utility Authority award the contract to Felix Construction Company for the UV replacement equipment construction in the amount of $1,157,146.00 and authorize execution of the contract documents

Sincerely,
FREEMAN - MILLICAN, INC.

David E. Gattis

David E. Gattis, P.E.

Enclosure
Copy:
Sherman, Mark Gibson, Director of Utilities

12160 N. ABRAMS ROAD, STE. 508 DALLAS, TEXAS, 75243 (214) 503-0555 FAX (214) 503-1148
TEXAS REGISTERED ENGINEERING FIRM F-2827

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. C. 3.**

Meeting Date: 07/21/2014

Prepared By: Mark Gibson, Director of Utilities

Approved By: George Olson, City Manager

Caption:

**** RESOLUTION NO. 5868***

Approving the Greater Texoma Utility Authority's Intention to Contract with PC Contractors, LLC for Construction of Sand Creek Sewer North Branch (289 Sewer)

Issue:

Approving the intention of the Greater Texoma Utility Authority (GTUA) to administer an agreement for construction of the Sand Creek Sewer North Branch (289 Sewer)

Background:

The current Capital Improvement Program contains a project to construct a sewer from the west city limits to an area near the intersection of S.H. 289 and U.S. Highway 82. Twelve (12) bidders responded to the request for bids. A bid tabulation is attached. The low bid in the amount of $1,062,667.96 was submitted by PC Contractors, LLC.

Origination:

Department of Utilities Administration

Financial Consideration:

The project is funded through the GTUA.

Staff Recommendation:

It is recommended that the City Council approve GTUA's intention to contract with PC Contractors, LLC in the amount of $1,062,667.96.

Alternatives:

As may be directed by the City Council

Attachments

Resolution No. 5868

Bid Tabulation

Engineers Recommendation Letter

Location Map

RESOLUTION NO. 5868

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE GREATER TEXOMA UTILITY AUTHORITY'S INTENTION TO CONTRACT WITH PC CONTRACTORS, LLC FOR CONSTRUCTION OF SAND CREEK SEWER NORTH BRANCH (289 SEWER); FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City of Sherman hereby approves the Greater Texoma Utility Authority's intention to enter into a contract with PC Contractors, LLC in the total amount of One Million, Sixty-Two Thousand, Six Hundred Sixty-Seven Dollars and Ninety-Six Cents ($1,062,667.96) for the construction of Sand Creek Sewer North Branch (289 Sewer).

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

PASSED AND APPROVED on this the _____ day of ________________, 2014.

CITY OF SHERMAN, TEXAS

BY: ________________________________
CAROLYN S. WACKER, MAYOR

ATTEST:

BY: ________________________________
LINDA ASHBY, CITY CLERK

APPROVED AS TO FORM AND CONTENT:

BY: ________________________________
BRANDON S. SHELBY,
CITY ATTORNEY

TABULATION OF BIDS												
	Sand Creek Sewer North Branch				PC Contractors (5)		Wright Construction Inc		Quality Excavation		Kodiak Trenching & Boring	
	GTUA/City of Sherman				P.O. Box 470930		601W.Wall St.		958 US 377#200		214 E. College	
	June 24, 2014, 2:00 p.m.				Ft. Worth, Tx 76147		Grapevine, t 76051		Aubrey, Tx 76227		Grapevine, Tx 76051	
					817-343-4792		817-481-2594		940-365-0800		817-905-4019	
	Bid Item		UNIT	QUANTITY	UNIT PRICE BID	BID AMOUNT	UNIT PRICE BID	BID AMOUNT	UNIT PRICE BID	BID AMOUNT	UNIT PRICE BID	BID AMOUNT
1	12" dia. gravity sewer pipe											
		0'-6' deep	LF	1458	20.97	30,574.26	38.00	55,404.00	31.00	45,198.00	26.65	38,855.70
		6'-8' deep	LF	3177	21.57	68,527.89	38.00	120,726.00	33.00	104,841.00	27.80	88,320.60
		8'-10' deep	LF	6180	22.41	138,493.80	41.00	253,380.00	36.00	222,480.00	28.85	178,293.00
		10'-12' deep	LF	5372	22.45	120,601.40	45.00	241,740.00	36.00	193,392.00	31.75	170,561.00
		12'-14' deep	LF	3471	23.22	80,596.62	50.00	173,550.00	46.00	159,666.00	37.70	130,856.70
		14'-16' deep	LF	825	28.82	23,776.50	54.00	44,550.00	50.00	41,250.00	43.05	35,516.25
		16'-18' deep	LF	890	31.04	27,625.60	59.00	52,510.00	130.00	115,700.00	48.80	43,432.00
		18'-20' deep	LF	23	53.95	1,240.85	61.00	1,403.00	210.00	4,830.00	51.50	1,184.50
2	4' dia. manhole											
		0'-6' deep	EA	1	3,316.00	3,316.00	3,000.00	3,000.00	4,800.00	4,800.00	2,539.00	2,539.00
		6'-8' deep	EA	10	3,515.00	35,150.00	3,200.00	32,000.00	5,400.00	54,000.00	2,596.00	25,960.00
		8'-10' deep	EA	11	3,843.00	42,273.00	3,600.00	39,600.00	5,700.00	62,700.00	2,654.00	29,194.00
		10'-12' deep	EA	18	4,020.00	72,360.00	3,900.00	70,200.00	6,100.00	109,800.00	2,712.00	48,816.00
		12'-14' deep	EA	6	4,554.00	27,324.00	4,300.00	25,800.00	10,400.00	62,400.00	2,770.00	16,620.00
		14'-16' deep	EA	5	4,659.00	23,295.00	4,500.00	22,500.00	10,800.00	54,000.00	2,827.00	14,135.00
		16'-18' deep	EA	2	6,055.00	12,110.00	5,000.00	10,000.00	15,500.00	31,000.00	2,943.00	5,886.00
		18'-20' deep	EA	0	7,000.00	0.00	5,100.00	0.00	17,850.00	0.00	0.00	0.00
3	Manhole drops, 12"		LF	7	442.00	3,094.00	3,000.00	21,000.00	900.00	6,300.00	1,063.00	7,441.00
4	Protective coating for 48" dia. conc. MH		VF	153	130.00	19,890.00	165.00	25,245.00	180.00	27,540.00	230.00	35,190.00
5	NTMWD pipeline xing at 0+00 to 00+90		LF	90	73.00	6,570.00	140.00	12,600.00	60.00	5,400.00	32.60	2,934.00
6	Aerial xing at 7+35 to 10+55		JOB	1	52,739.00	52,739.00	70,200.00	70,200.00	52,307.28	52,307.28	71,486.00	71,486.00
7	Aerial xing at 101+35, 102+95		JOB	1	21,914.00	21,914.00	27,800.00	27,800.00	19,400.00	19,400.00	25,107.00	25,107.00
8	Aerial xing at 134+20, 135+40		JOB	1	20,139.00	20,139.00	26,500.00	26,500.00	27,127.76	27,127.76	24,105.00	24,105.00
9	Aerial xing at 138+14.5, 141+34.5		JOB	1	45,692.00	45,692.00	52,900.00	52,900.00	48,811.17	48,811.17	48,980.00	48,980.00
10	Aerial xing at 153+43.4 to 156+88.4		JOB	1	45,129.00	45,129.00	49,700.00	49,700.00	49,911.33	49,911.33	46,570.00	46,570.00
11	16" Steel Encasement		LF	180	84.87	15,276.60	131.00	23,580.00	72.00	12,960.00	75.00	13,500.00
12	Asphalt road repairs		LF	160	28.65	4,584.00	74.00	11,840.00	55.00	8,800.00	25.00	4,000.00
13	Gravel road repairs		LF	50	13.60	680.00	71.00	3,550.00	54.00	2,700.00	10.00	500.00
14	Trench excavation protection		LF	21396	2.39	51,136.44	1.00	21,396.00	0.85	18,186.60	0.50	10,698.00
15	SWPPP		JOB	1	68,559.00	68,559.00	48,400.00	48,400.00	2,600.00	2,600.00	47,511.00	47,511.00
	TOTAL OF BID:					**1,062,667.96**		**1,541,074.00**		**1,548,101.14**		**1,168,191.75**
	Option Price Bid											
1	Service Connection		ea.		786		1500		1800		554	
2	Waterline crossings											
	With new pipe & fittings		ea.		3637		6700		2100		2250	
	Without new pipe $ fittings		ea.		2834		5800		1100		1750	
3	F & I field fence gate		ea.		1464		3600		1900		2599	
				Exceptions		None		None		None		None
				Bid Bond?		Yes		Yes		Yes		Yes
				Addenda		#1		#1		#1		#1
					(5) Arithmetic Errors in Bid							
											Sheet 3 of 3	

TABULATION OF BIDS												
	Sand Creek Sewer North Branch				Lynn Vessels Const LLC (1)		VESCOR dba Vessels Const		W. Brown Enterprises		DickersonConstruction	
	GTUA/City of Sherman				P.O. Box 1212		P.O. Box 28		2905 S. 1st St.		P.O. Box 181	
	June 24, 2014, 2:00 p.m.				Sherman, Tx 75091		Sherman, Tx 75091		Durant, Okla.		Celina, Tx 75009	
					903-893-4300		903-870-0428		581-931-7442		972-382-2123	
	Bid Item		UNIT	QUANTITY	UNIT PRICE BID	BID AMOUNT	UNIT PRICE BID	BID AMOUNT	UNIT PRICE BID	BID AMOUNT	UNIT PRICE BID	BID AMOUNT
1	12" dia. gravity sewer pipe											
		0'-6' deep	LF	1458	26.63	38,826.54	31.96	46,597.68	34.60	50,446.80	37.00	53,946.00
		6'-8' deep	LF	3177	29.16	92,641.32	32.54	103,379.58	35.60	113,101.20	39.00	123,903.00
		8'-10' deep	LF	6180	35.23	217,721.40	35.47	219,204.60	36.60	226,188.00	45.00	278,100.00
		10'-12' deep	LF	5372	37.78	202,954.16	41.57	223,314.04	39.10	210,045.20	50.00	268,600.00
		12'-14' deep	LF	3471	40.96	142,172.16	46.45	161,227.95	41.60	144,393.60	57.00	197,847.00
		14'-16' deep	LF	825	44.15	36,423.75	53.77	44,360.25	43.20	35,640.00	62.00	51,150.00
		16'-18' deep	LF	890	50.51	44,953.90	78.18	69,580.20	47.90	42,631.00	64.00	56,960.00
		18'-20' deep	LF	23	107.83	2,480.09	90.39	2,078.97	51.00	1,173.00	75.00	1,725.00
2	4' dia. manhole											
		0'-6' deep	EA	1	2,399.70	2,399.70	2,590.28	2,590.28	2,600.00	2,600.00	2,250.00	2,250.00
		6'-8' deep	EA	10	2,724.60	27,246.00	2,662.10	26,621.00	2,600.00	26,000.00	2,500.00	25,000.00
		8'-10' deep	EA	11	3,101.37	34,115.07	2,693.65	29,630.15	2,600.00	28,600.00	3,050.00	33,550.00
		10'-12' deep	EA	18	3,300.00	59,400.00	3,173.47	57,122.46	2,600.00	46,800.00	3,450.00	62,100.00
		12'-14' deep	EA	6	3,853.20	23,119.20	3,315.97	19,895.82	2,800.00	16,800.00	4,000.00	24,000.00
		14'-16' deep	EA	5	4,618.14	23,090.70	3,459.61	17,298.05	3,100.00	15,500.00	4,500.00	22,500.00
		16'-18' deep	EA	2	7,763.63	15,527.26	3,963.25	7,926.50	3,100.00	6,200.00	5,250.00	10,500.00
		18'-20' deep	EA	0	0.00	0.00	4,152.49	0.00	3,300.00	0.00	7,500.00	0.00
3	Manhole drops, 12"		LF	7	410.40	2,872.80	573.08	4,011.56	400.00	2,800.00	550.00	3,850.00
4	Protective coating for 48" dia. conc. MH		VF	153	182.40	27,907.20	163.50	25,015.50	165.00	25,245.00	175.00	26,775.00
5	NTMWD pipeline xing at 0+00 to 00+90		LF	90	55.01	4,950.90	66.73	6,005.70	35.00	3,150.00	80.00	7,200.00
6	Aerial xing at 7+35 to 10+55		JOB	1	35,593.54	35,593.54	52,676.70	52,676.70	42,868.75	42,868.75	35,000.00	35,000.00
7	Aerial xing at 101+35, 102+95		JOB	1	15,862.71	15,862.71	23,028.88	23,028.88	15,668.75	15,668.75	15,200.00	15,200.00
8	Aerial xing at 134+20, 135+40		JOB	1	14,228.75	14,228.75	18,316.06	18,316.06	14,468.75	14,468.75	14,500.00	14,500.00
9	Aerial xing at 138+14.5, 141+34.5		JOB	1	31,468.29	31,468.29	47,726.80	47,726.80	33,421.25	33,421.25	29,000.00	29,000.00
10	Aerial xing at 153+43.4 to 156+88.4		JOB	1	32,035.07	32,035.07	41,361.14	41,361.14	29,947.50	29,947.50	30,000.00	30,000.00
11	16" Steel Encasement		LF	180	54.54	9,817.20	16.86	3,034.80	45.00	8,100.00	90.00	16,200.00
12	Asphalt road repairs		LF	160	43.14	6,902.40	44.22	7,075.20	50.00	8,000.00	50.00	8,000.00
13	Gravel road repairs		LF	50	7.41	370.50	13.51	675.50	30.00	1,500.00	20.00	1,000.00
14	Trench excavation protection		LF	21396	0.86	18,400.56	0.19	4,065.24	1.00	21,396.00	3.00	64,188.00
15	SWPPP		JOB	1	4,788.00	4,788.00	84,953.78	84,953.78	10,000.00	10,000.00	32,000.00	32,000.00
	TOTAL OF BID:					**1,168,269.17**		**1,348,774.39**		**1,182,684.80**		**1,495,044.00**
	Option Price Bid											
1	Service Connection		ea.		1000.00		885.06		1000		750	
2	Waterline crossings											
	With new pipe & fittings		ea.		1850		217.88		2000		3500	
	Without new pipe $ fittings		ea.		1800		217.88		1900		3500	
3	F & I field fence gate		ea.		2500		115049		3500		2500	
				Exceptions		None		None		None		None
				Bid Bond?		Yes		Yes		Yes		Yes
				Addenda		#1		#1		#1		#1

(1) Arithmetic Errors in Bid

Sheet 1 of 3

TABULATION OF BIDS												
	Sand Creek Sewer North Branch				S&J Construction (2)		Speiss Const		Interstate Pipeline Utility Constru		A&M Construction & Utilities (3)	
	GTUA/City of Sherman				1014 S. Redmond		P.O. Box 2849		101 S. Coit Rd. #36-147		4905 Grisham Dr.	
	June 24, 2014, 2:00 p.m.				Jacksonville, Ark. 72076		Santa Maria, Ca. 93457		Richardson, Tx 75080		Rowlett, Texas 75086	
					501-985-2122		805-937-5859		214-296-9744		214-412-0255	
	Bid Item		**UNIT**	**QUANTITY**	UNIT PRICE BID	**BID AMOUNT**	UNIT PRICE BID	**BID AMOUNT**	UNIT PRICE BID	**BID AMOUNT**	UNIT PRICE BID	**BID AMOUNT**
1	12" dia. gravity sewer pipe											
		0'-6' deep	LF	1458	44.22	64,472.76	37.00	53,946.00	37.00	53,946.00	31.00	45,198.00
		6'-8' deep	LF	3177	48.22	153,194.94	40.00	127,080.00	41.00	130,257.00	33.00	104,841.00
		8'-10' deep	LF	6180	54.22	335,079.60	43.00	265,740.00	42.70	263,886.00	34.00	210,120.00
		10'-12' deep	LF	5372	60.47	324,844.84	48.00	257,856.00	43.00	230,996.00	36.00	193,392.00
		12'-14' deep	LF	3471	71.22	247,204.62	54.00	187,434.00	44.70	155,153.70	39.00	135,369.00
		14'-16' deep	LF	825	88.72	73,194.00	62.00	51,150.00	45.75	37,743.75	42.00	34,650.00
		16'-18' deep	LF	890	101.22	90,085.80	72.00	64,080.00	50.00	44,500.00	48.00	42,720.00
		18'-20' deep	LF	23	126.22	2,903.06	82.00	1,886.00	60.00	1,380.00	52.00	1,196.00
2	4' dia. manhole											
		0'-6' deep	EA	1	1,900.00	1,900.00	3,200.00	3,200.00				
		6'-8' deep	EA	10	2,315.00	23,150.00	3,400.00	34,000.00	2,760.00	2,760.00	2,000.00	2,000.00
		8'-10' deep	EA	11	2,455.00	27,005.00	3,600.00	39,600.00	2,856.00	28,560.00	2,084.00	20,840.00
		10'-12' deep	EA	18	2,700.00	48,600.00	3,800.00	68,400.00	3,238.00	35,618.00	2,377.00	26,147.00
		12'-14' deep	EA	6	3,125.00	18,750.00	4,000.00	24,000.00	3,633.00	65,394.00	2,882.00	51,876.00
		14'-16' deep	EA	5	3,550.00	17,750.00	4,200.00	21,000.00	3,812.00	22,872.00	3,148.00	18,888.00
		16'-18' deep	EA	2	4,164.00	8,328.00	4,400.00	8,800.00	4,347.00	21,735.00	3,398.00	16,990.00
		18'-20' deep	EA	0	4,624.00	0.00	0.00	0.00	5,217.00	10,434.00	3,654.00	7,308.00
3	Manhole drops, 12"		LF	7	1,237.57	8,662.99	500.00	3,500.00	0.00	0.00	4,000.00	0.00
4	Protective coating for 48" dia. conc. MH		VF	153	550.00	84,150.00	137.00	20,961.00	222.00	1,554.00	463.00	3,241.00
5	NTMWD pipeline xing at 0+00 to 00+90		LF	90	194.93	17,543.70	65.00	5,850.00	200.00	30,600.00	155.00	23,715.00
6	Aerial xing at 7+35 to 10+55		JOB	1	53,298.73	53,298.73	45,500.00	45,500.00	192.00	17,280.00	65.00	5,850.00
7	Aerial xing at 101+35, 102+95		JOB	1	24,158.89	24,158.89	21,200.00	21,200.00	41,830.00	41,830.00	73,255.00	73,255.00
8	Aerial xing at 134+20, 135+40		JOB	1	26,794.12	26,794.12	17,200.00	17,200.00	19,010.00	19,010.00	30,050.00	30,050.00
9	Aerial xing at 138+14.5, 141+34.5		JOB	1	43,255.00	43,255.00	45,500.00	45,500.00	19,334.00	19,334.00	27,265.00	27,265.00
10	Aerial xing at 153+43.4 to 156+88.4		JOB	1	45,040.71	45,040.71	45,500.00	45,500.00	39,042.00	39,042.00	69,100.00	69,100.00
11	16" Steel Encasement		LF	180	81.55	14,679.00	60.00	10,800.00	43,387.00	43,387.00	60,000.00	60,000.00
12	Asphalt road repairs		LF	160	88.64	14,182.40	50.00	8,000.00	92.00	16,560.00	80.00	14,400.00
13	Gravel road repairs		LF	50	49.03	2,451.50	30.00	1,500.00	140.00	22,400.00	170.00	27,200.00
14	Trench excavation protection		LF	21396	1.50	32,094.00	0.10	2,139.60	53.00	2,650.00	54.00	2,700.00
15	SWPPP		JOB	1	40,000.00	40,000.00	10,000.00	10,000.00	5.00	106,980.00	1.00	21,396.00
									17,696.00	17,696.00	2,700.00	2,700.00
	TOTAL OF BID:					**1,842,773.66**		**1,445,822.60**		**1,483,558.45**		**1,272,407.00**
	Option Price Bid											
1	Service Connection		ea.		50		1500		852		975	
2	Waterline crossings											
	With new pipe & fittings		ea.		50		3000		6814		5700	
	Without new pipe $ fittings		ea.		50		2200		6313		No Bid	
3	F & I field fence gate		ea.		50		2500		2390		6200	
				Exceptions		None		None		None		Yes (4)
				Bid Bond?		Yes		Yes		Yes		Yes
				Addenda		#1		#1		#1		#1
					(2) Arithmetic Errors in Bid						(3) Arithmetic Errors in Bid	
											(4) Exception not specified	
												Sheet 2 of 3

MORRIS ENGINEERS

25
June ~~23~~, 2014

Mark Gibson, P.E., Director of Utilities
City of Sherman Dept. of Engineering
P.O. Box 1106
Sherman, Texas 75091-1106

Drew Satterwhite, General Manager
Greater Texoma Utility Authority
5100 Airport Drive
Denison, Texas 75020

RE: City of Sherman –Sand Creek Sewer North Branch
Recommendation of Award

Dear Mr. Gibson and Mr. Satterwhite,

The lowest bid for construction of the North Branch of the Sand Creek Sewer was submitted by PC Contractors LLC of Ft. Worth, Texas, in the amount of $1,062,667.96. I evaluated their Bidder Qualification Statement and received favorable responses from their references. I believe they are a competent contractor for this construction; therefore, I recommend that you award the contract for this project to PC Contractors LLC for the amount bid.

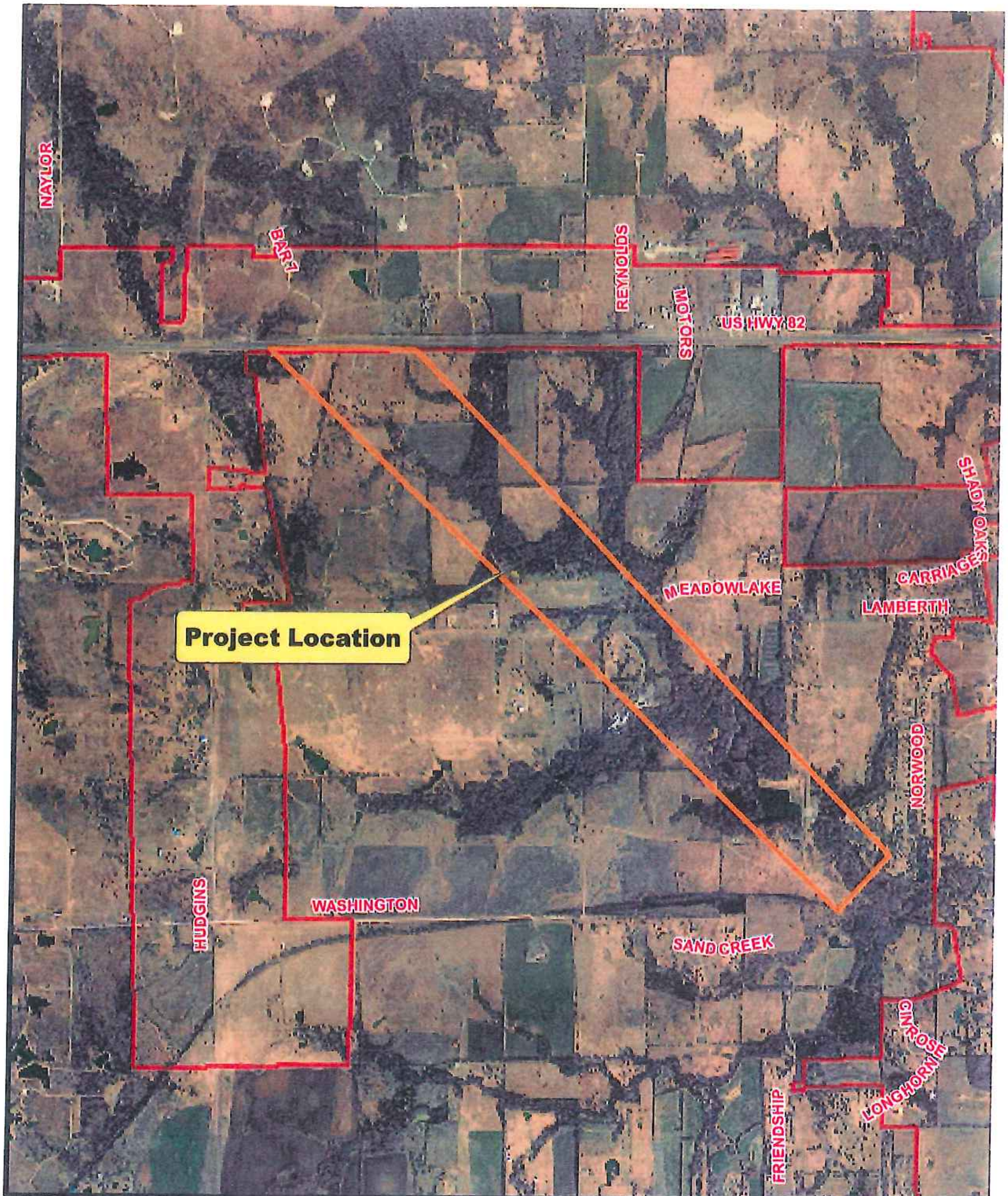
I have enclosed a Notice of Award for your use. If you will sign, date, and return the notice to us, we will forward it to PC Contractors LLC with contracts for execution.

Sincerely,

Timothy L. Morris, P.E.

Encl.

P.O. Box 606 225 E. Houston Sherman, Texas 75091-0606 903 - 868 - 1644



Sherman
CLASSIC TOWN. BROAD HORIZON.

Engineering Department

S.H. 289 North Branch Sewer

N

Feet
0 550 1,100 2,200 3,300 4,400

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No.** **C. 4.**

Meeting Date: 07/21/2014

Prepared By: Mark Gibson, Director of Utilities

Approved By: George Olson, City Manager

Caption:

**** RESOLUTION NO. 5869***

Authorizing Execution of a Professional Engineering Services Agreement with Freeman-Millican, Inc. for the Sherman Industrial Park Replacement Sewer

Issue:

To consider an agreement with Freeman-Millican, Inc. to provide professional engineering services for the Sherman Industrial Park Replacement Sewer

Background:

The Capital Improvement Program for 2013-2014 contains a project to replace, relocate and reconstruct a major sewer service at the Sherman Industrial Park. The sewer will be reconstructed and rerouted to make use of a second under-utilized sewer.

Origination:

Department of Utilities Administration

Financial Consideration:

The fee for the professional engineering services is a lump sum of $122,930.00. This project will be funded through the Greater Texoma Utility Authority.

Staff Recommendation:

It is recommended that the agreement for professional engineering services with Freeman-Millican, Inc. for the Sherman Industrial Park Replacement Sewer be approved.

Alternatives:

As may be directed by the City Council

Attachments

Resolution No. 5869

Agreement for Professional Engineering Services

Location Map

RESOLUTION NO. 5869

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A PROFESSIONAL ENGINEERING SERVICES AGREEMENT WITH FREEMAN-MILLICAN, INC. FOR THE SHERMAN INDUSTRIAL PARK REPLACEMENT SEWER; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the City Manager be and is hereby authorized and directed, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute a Professional Engineering Services Agreement with Freeman-Millican, Inc. for the Sherman Industrial Park Replacement Sewer in accordance with all contract documents attached hereto and made a part hereof for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

PASSED AND APPROVED on this the _____ day of ________________, 2014.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: ______________________________
LINDA ASHBY,
CITY CLERK

BY: ______________________________
CAROLYN S. WACKER,
MAYOR

APPROVED AS TO FORM AND CONTENT:

BY: ______________________________
BRANDON S. SHELBY,
CITY ATTORNEY

ENGINEERING SERVICES AGREEMENT

THIS AGREEMENT is made and entered by and between the CITY OF SHERMAN, a Home-Rule Municipality, organized and existing under the laws of the state of Texas, hereinafter referred to as "City", and, Freeman-Millican, Inc. hereinafter referred to as "Engineer", to be effective upon the date indicated below.

W I T N E S S E T H :

WHEREAS, the City desires to engage the services of the Engineer to prepare construction plans, specifications, details and special provisions and to perform other related engineering services in connection with the **Sherman Industrial Park Replacement Sewer** in the City of Sherman, Texas, hereinafter referred to as the "Project"; and

WHEREAS, the Engineer desires to render such engineering services for the City subject to the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the covenants contained herein, and for the mutual benefits to be obtained hereby, the parties hereto agree as follows:

1. **Employment of the Engineer.** The City hereby agrees to retain the Engineer to perform professional engineering services in connection with the Project. Engineer agrees to perform such services in accordance with the terms and conditions of this Agreement.

2. **Scope of Work.** The parties agree that Engineer shall perform such services as are set forth and described in Exhibit "1", which is attached hereto and made a part of this Agreement. The parties understand and agree that deviations or modifications in the form of written contract modifications may be authorized from time to time by the City. Engineer agrees to submit all final documents in a form acceptable to the City.

3. **Time of the Essence.** Time is of the essence. Engineer agrees to commence work immediately upon execution of this Agreement and to proceed diligently to completion except for delays beyond Engineer's reasonable control.

4. **Compensation and Method of Payment.** The parties agree that Engineer shall be compensated for all services provided pursuant to this Agreement in the amount described and set forth in Exhibit "1".

5. **Access To The Site**. City agrees to provide access to the Project area necessary or Engineer to complete his work.

6. **Insurance.** Engineer agrees to procure the following insurance:

   a. Workers' Compensation as required by law.

   b. Professional Liability Insurance in an amount not less than $1,000,000 in the aggregate.

c. Comprehensive General Liability and Property Damage Insurance with minimum limits of $1,000,000 for injury or death of any one person, $1,000,000 for each occurrence, and $1,000,000 for each occurrence of damage to or destruction of property.

d. Comprehensive Automobile and Truck Liability Insurance covering owned, hired, and non-owned vehicles, with minimum limits of $1,000,000 for injury or death of any one person, $1,000,000 for each occurrence, and $1,000,000 for property damage.

e The Engineer shall include the City as an additional insured under the policies, with the exception of the Professional Liability Insurance and Workers' Compensation. Certificates of Insurance and endorsements shall be furnished to the City before work commences. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled, and/or reduced in coverage or in limits ("Change in Coverage") except with prior written consent of the City and only after the City has been provided with written notice of such Change in Coverage, such notice to be sent to the City either by hand delivery to the City Manager or by certified mail, return receipt requested, and received by the City no fewer than thirty (30) days prior to the effective date of such Change in Coverage. Prior to commencing services under this Contract. Engineer shall furnish City with Certificates of Insurance, or formal endorsements as required by this Contract, issued by Engineer's insurer(s), as evidence that policies providing the required coverage, conditions, and limits required by this Contract are in full force and effect.

7. **Indemnity and Duty to Defend.**

a. Engineer shall release, defend, indemnify and hold city and its officers, agents and employees harmless from and against all damages, injuries (including death), claims, property damages (including loss of use), losses, demands, suits, judgments and costs, including reasonable attorney's fees and expenses, in any way arising out of, related to, or resulting from the services provided by engineer and to the extent caused by the negligent act or omission or intentional wrongful act or omission of engineer, its officers, agents, employees, subcontractors, licensees, invitees or any other third parties for whom engineer is legally responsible. This agreement does not waive, nor shall it be deemed to waive, any immunity or defense, including, but not limited to Governmental immunity that would otherwise be available to the city against claims arising from the exercise of governmental powers and functions.

b. Engineer is expressly required to defend the City against all Claims for which the City becomes liable. In its sole discretion, City shall have the right to select or to approve defense counsel to be retained by Engineer in fulfilling its obligation hereunder to defend and indemnify City, unless such a right is expressly waived by City in writing by the City Manager, approved by the City Attorney, and properly authorized by the City's Council. City reserves the right to provide a portion or all of its own defense; however, City is under no obligation to do so. Any such action by City is not to be construed as a waiver of Engineer's obligation to defend the City or as a waiver of Engineer's obligation to indemnify the City pursuant to this Contract. Engineer shall retain City approved defense counsel within seven (7) business days of City's written notice that City is invoking its right to indemnification under this Contract. If Engineer fails to retain Counsel within such time period, City shall have the right to retain defense counsel on its own behalf, and Engineer shall be liable for all costs incurred by City in defense of Claims for which Engineer is liable under this Paragraph.

c. This indemnification and duty to defend is subject to and does not waive any governmental immunity available to the City under Texas law, and any defenses of the parties under Texas law. The provisions of this paragraph are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

8. **Independent Contractor.** Engineer is an independent contractor and not an officer, agent, servant or employee of City. Engineer shall have exclusive control of and exclusive right to control the details of the work performed hereunder and all persons performing same, and shall be responsible for the acts and omissions of its officers, agents, employees, contractors, subcontractors and consultants; that the doctrine of respondent superior shall not apply as between City and Engineer, its officers, agents, employees, contractors, subcontractors and consultants, and nothing herein shall be construed as creating a partnership or joint enterprise between City and Engineer.

9. **Assignment and Subletting.** The Engineer agrees that neither this Agreement nor the work to be performed hereunder will be assigned or sublet without the prior written consent of the City. The Engineer further agrees that the assignment or subletting of any portion or feature of the work or materials required in the performance of this Agreement shall not relieve the Engineer from its full obligations to the City as provided by this Agreement.

10. **Contract Termination.** The parties agree that City shall have the right to terminate this Agreement with or without cause upon thirty (30) days written notice to Engineer. In the event of such termination, Engineer shall deliver to City all finished or unfinished documents, data, studies, surveys, drawings, maps, models, reports, photographs or other items prepared by Engineer in connection with this Agreement. Engineer shall be entitled to compensation for any and all work completed to the satisfaction of City in accordance with the provisions of this Agreement prior to termination. In the event this Agreement is terminated, the City shall have the option of entering into an Agreement with another party for the completion of the work.

11. **Ownership of Documents.** Original drawings and specifications are the property of the Engineer; however, the Project is the property of the City and Engineer may not use the drawings and specifications therefore for any purpose not relating to the Project without City's consent. City shall be furnished with such reproductions of drawings and specifications as City may reasonably require. Upon completion of the work or any earlier termination of this Agreement under Paragraph 10, Engineer will revise drawings, if necessary, and he will promptly furnish the City with one (1) complete set of reproducible record prints. Prints shall be furnished, as an additional service, at any other time requested by City. All such reproductions shall be the property of the City who may use them without Engineer's permission for any proper purpose including, but not limited to, additions to or completion of the Project. Engineer also acknowledges that such information shall become subject to the Public Information Laws of this State and that Engineer agrees to waive any copyright claims to the information once the information is submitted to the City.

12. **Complete Contract.** This Agreement, including Exhibit "1", constitutes the entire agreement by and between the parties regarding the subject matter hereof and supersedes all prior or contemporaneous written or oral understandings. To the extent that any of the provisions in Exhibit "1" conflicts with this Agreement, the provisions in the Agreement control over the provisions in the exhibit(s). This Agreement may only be amended, supplemented, modified or canceled by a duly executed written instrument.

13. **Mailing of Notices.** Unless instructed otherwise in writing, Engineer agrees that all notices or communications to City permitted or required under this Agreement shall be addressed to City at the following address:

Director of Utilities
City of Sherman
P.O. Box 1106
Sherman. TX. 75090

City agrees that all notices or communications to Engineer permitted or required under this Agreement shall be addressed to Engineer at the following address:

Richard Dormier
Freeman-Millican, Inc.
12160 N. Abrams Rd., Suite 508
Dallas, Texas 75243

All notices or communications required to be given in writing by one party or the other shall be considered as having been given to the addressee on the date such notice or communication is posted by the sending party.

14. **Miscellaneous.**

a. Paragraph Headings. The paragraph headings contained herein are for convenience only and are not intended to define or limit the scope of any provision in this Agreement.

b. Contract Interpretation. Although this Agreement is drafted by the City, should any part be in dispute, the parties agree that the Agreement shall not be construed more favorably for either party.

c. Venue/Governing Law. The parties agree that the laws of the State of Texas shall govern this Agreement. Exclusive venue shall lie in Grayson County, Texas.

d. Successors and Assigns. City and Engineer, and their partners, successors, subcontractors, executors, legal representatives, and administrators are hereby bound to the terms and conditions of this Agreement.

e. Severability. In the event a term, condition, or provision of this Agreement is determined to be void, unenforceable, or unlawful by a court of competent jurisdiction, then that term, condition, or provision, shall be deleted and the remainder of the Agreement shall remain in full force and effect.

f. Effective Date. This Agreement shall be effective from and after execution by both parties hereto.

SIGNED on the date indicated below.

CITY OF SHERMAN

BY______________________________
George Olson
City Manager

DATE ______________________________

ENGINEER:
Freeman-Millican, Inc.

BY Richard A Dormier
Richard Dormier, P.E.
Vice President

DATE ___July 9, 2014________

APPROVED AS TO FORM:

____
Brandon S. Shelby, City Attorney

EXHIBIT "1"
ENGINEERING SERVICES AGREEMENT

City of Sherman, Texas
Sherman Industrial Park
Replacement Sewer
Scope of Professional Services

OWNER and ENGINEER, in consideration of their mutual covenants herein, agree in respect of the performance of professional engineering services by ENGINEER and the payment for those services by OWNER as set forth below.

ENGINEER shall provide professional engineering services for OWNER in all phases of the Project to which this Agreement applies, serve as OWNER'S professional engineering representative for the Project as set forth below, and shall give professional engineering consultation and advice to OWNER during the performance of services hereunder.

OWNER intends to construct, through Prime Contractor(s) the Sherman Industrial Sanitary Sewer, hereinafter called the "Project".

SECTION 1 - BASIC SERVICES OF ENGINEER

1.1 GENERAL

1.1.1 ENGINEER shall perform professional services as hereinafter stated which include customary civil, structural, mechanical, and electrical engineering services and customary architectural services incidental thereto.

1.2 PRELIMINARY DESIGN PHASE

After authorization to proceed with the Preliminary Design Phase, ENGINEER shall:

1.2.1 In consultation with OWNER, determine the extent of the Project.

1.2.2 Advise OWNER as to the necessity of OWNER'S providing, or obtaining from others, data or services of the types described in paragraph 3.3, and act as OWNER'S representative in connection with any such services.

1.2.3 Prepare preliminary design documents consisting of final design criteria, preliminary drawings, and outline specifications.

1.2.4 Based on the information contained in the preliminary design documents, submit a revised opinion of probable Project Costs.

1.2.5 Furnish 3 copies of the above preliminary design documents and present and review them in person with OWNER.

1.3 FINAL DESIGN PHASE

After authorization to proceed with the Final Design Phase, ENGINEER shall:

1.3.1 On the basis of comments from the review of the preliminary design documents and the revised opinion of probable Project Cost, prepare for incorporation in the Contract

Documents final drawings to show the character and extent of the Project (hereinafter called "Drawings") and Specifications.

1.3.2 Furnish to OWNER such documents and design data as may be required for, and assist in the preparation of, the required documents so that OWNER may apply for approvals of such governmental authorities as have jurisdiction over design criteria applicable to the Project, and assist in obtaining such approvals by participating in submissions to and negotiations with appropriate authorities.

1.3.3 Advise OWNER of any adjustments to the latest opinion of probable Project Cost caused by changes in extent or design requirements of the Project or Construction Costs and furnish a revised opinion of probable Project Cost based on the Drawings and Specifications.

1.3.4 Prepare for review and approval by OWNER, his legal counsel, and other advisors, contract agreement forms, general conditions and supplementary conditions, and (where appropriate) bid forms, invitations to bid and instructions to bidders, and assist in the preparation of other related documents.

1.3.5 Submit plans, specifications, and contract documents to applicable regulatory agencies for approval.

1.3.6 Furnish 3 copies of the above documents and present and review them in person with OWNER. Make any needed final revisions.

1.4 BIDDING PHASE

After authorization to proceed with the Bidding Phase, ENGINEER shall:

1.4.1 Assist OWNER in obtaining bids for each separate prime contract for construction, materials, equipment, and services.

1.4.2 Consult with and advise OWNER as to the acceptability of subcontractors and other persons and organizations proposed by the prime contractor(s) (hereinafter called "Contractor(s)") for those portions of the work as to which such acceptability is required by the bidding documents.

1.4.3 Prepare a tabulation of bids and assist OWNER in evaluating bids and in assembling and awarding contracts.

1.5 CONSTRUCTION PHASE

During the Construction Phase ENGINEER shall:

1.5.1 Consult with and advise OWNER and act as his representative as provided in the General Conditions of the Construction Contract. All of OWNER'S instructions to Contractor(s) will be issued through ENGINEER who will have authority to act on behalf of OWNER to the extent provided in said General Conditions except as otherwise provided in writing.

1.5.2 Make visits to the site at intervals appropriate to the various stages of construction to observe as an experienced and qualified design professional the progress and quality of the executed work of Contractor(s) and to determine in general if such work is proceeding in accordance with the Contract Documents. ENGINEER shall not be required to make exhaustive or continuous on-site inspections to check the quality or quantity of such work. ENGINEER shall not be responsible for the means, methods, techniques, sequences or procedures of construction selected by Contractor(s) or the safety precautions and programs incident to the work of Contractor(s). ENGINEER'S efforts will be directed toward providing a greater degree of confidence for OWNER that the completed work of Contractor(s) will conform to the Contract Documents, but ENGINEER shall not be responsible for the failure of Contractor(s) to perform the work in accordance with the Contract Documents. During such visits and on the basis of on-site observations ENGINEER shall keep OWNER informed of the progress of the work and shall endeavor to guard OWNER against defects and deficiencies in such work and may disapprove or reject work failing to conform to the Contract Documents.

1.5.3 Review Shop Drawings and samples, the results of tests and inspections and other data which each Contractor is required to submit, but only for conformance with the design concept of the Project and general compliance with the information given in the Contract Documents (but such review and approval or other action shall not extend to means, methods, sequences, techniques or procedures of construction or to safety precautions and programs incident thereto); determine the acceptability of substitute materials and equipment proposed by Contractor(s): and receive and review (for general content as required by the Specifications) maintenance and operating instructions, schedules, guarantees, bonds and certificates of inspection which are to be assembled by Contractor(s) in accordance with the Contract Documents.

1.5.4 Issue all instructions of OWNER to Contractor(s); issue necessary interpretations and clarifications of the Contract Documents and in connection therewith prepare change orders as required; have authority, as OWNER'S representative, to require special inspection or testing of the work; act as initial interpreter of the requirements of the Contract Documents and judge of the acceptability of the work thereunder and make decisions on all claims of OWNER and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of the work; but ENGINEER shall not be liable for the results of any such interpretations or decisions rendered by him in good faith.

1.5.5 Based on ENGINEER'S on-site observations as an experienced and qualified design professional and on review of applications for payment and the accompanying data and schedules, determine the amounts owing to Contractor(s) and recommend in writing payments to Contractor(s) in such amounts: such recommendations of payment will constitute a representation to OWNER, based on such observations and review, that the work has progressed to the point indicated, that, to the best of ENGINEER'S knowledge, information and belief, the quality of such work is in accordance with the Contract Documents (subject to an evaluation of such work as a functioning Project upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents, and to any qualifications stated in his recommendation), and that payment of the amount recommended is due Contractor(s); but by recommending any payment ENGINEER will not thereby be deemed to have represented that continuous or exhaustive examinations have been made by ENGINEER to check the quality or quantity of the work or to review the means, methods, sequences, techniques or procedures of construction or safety precautions or programs incident thereto or that ENGINEER has made an examination to ascertain how or for what purposes any Contractor has used the moneys paid on account of the Contract Price, or that title to any of the work, materials or equipment has passed to OWNER free and clear of any lien, claims, security interests or encumbrances, or that Contractor(s) have completed their work exactly in accordance with the Contract Documents.

1.5.6 Conduct in company with OWNER, an inspection to determine if the Project is substantially complete and a final inspection for compliance with the Contract Documents and if each Contractor has fulfilled all of his obligations thereunder so that ENGINEER may recommend, in writing, final payment to each Contractor and may give written notice to OWNER and the Contractor(s) that the work is acceptable (subject to any conditions therein expressed), but any such recommendation and notice shall be subject to the limitations expressed in paragraph 1.5.5.

1.5.7 ENGINEER shall not be responsible for the acts or omissions of any Contractor, or subcontractor, or any of the Contractor(s)' or subcontractors' agents or employees or any other persons (except ENGINEER'S own employees and agents) at the site or otherwise performing any of the Contractor(s)' work; however, nothing contained in paragraphs 1.5.1 through 1.5.7, inclusive, shall be construed to release ENGINEER from liability for failure to properly perform duties undertaken by him in the Contract Documents.

1.5.8 Revise contract drawings (unless redrawing is required), with the assistance of the OWNER and Contractor(s), and furnish two set in Adobe Acrobat Portable Document Format (pdf).

SECTION 2 - ADDITIONAL SERVICES OF ENGINEER

2.1 GENERAL

If authorized in writing by OWNER, ENGINEER shall furnish or obtain from others Additional Services of the following types which are not considered normal or customary Basic Services

2.1.1 Preparation of applications and supporting documents for governmental grants, loans or advances in connection with the Project; preparation or review of environmental assessments and impact statements; review and evaluation of the effect on the design requirements of the Project of any such statements and documents prepared by others; and assistance in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of the Project.

2.1.2 Services to make measured drawings of or to investigate existing conditions or facilities, or to verify the accuracy of drawings or other information furnished by OWNER.

2.1.3 Services resulting from significant changes in extent of the Project or its design including, but not limited to, changes in size, complexity, OWNER'S schedule, or character of construction or method of financing; and revising previously accepted studies, reports, design documents or Contract Documents when such revisions are due to causes beyond ENGINEER'S control.

2.1.4 Providing renderings or models for OWNER'S use.

2.1.5 Furnishing the services of special consultants for other than the normal civil, structural, mechanical and electrical engineering and normal architectural design incidental thereto, such as consultants for interior design, furniture, furnishings, communications, acoustics, kitchens and landscaping; and providing data or services of the types described in paragraph 3.3 when OWNER authorizes ENGINEER to provide such data or services in lieu of furnishing the same in accordance with paragraph 3.3.

2.1.6 Services resulting from the arranging for performance by persons other than the principal prime contractors of services for the OWNER and administering OWNER'S contracts for such services.

2.1.7 Provide staking to enable Contractor(s) to proceed with their work and providing other special field surveys.

2.1.8 Services during out-of-town travel required of ENGINEER other than visits to the site and OWNER'S office as required by SECTION 1 and authorized by OWNER.

2.1.9 Additional or extended services during construction made necessary by (1) work damaged by fire or other cause during construction, (2) a significant amount of defective or neglected work of Contractor(s), (3) prolongation of the contract time of any prime contract by more than sixty days, (4) acceleration of the progress schedule involving services beyond normal working hours, and (5) default by Contractor(s).

2.1.10 Preparation of operating and maintenance manuals; protracted or extensive assistance in the utilization of any equipment or system (such as initial startup, testing, adjusting and balancing); and training personnel for operation and maintenance.

2.1.11 Services after completion of the Construction Phase, such as inspections during any guarantee period and reporting observed discrepancies under guarantees called for in any contract for the Project.

2.1.12 Preparing to serve or serving as a consultant or witness for OWNER in any litigation, public hearing or other legal or administrative proceeding involving the Project (except as agreed to under Basic Services).

2.1.13 Additional services in connection with the Project, including services normally furnished by OWNER and services not otherwise provided for in this Agreement.

2.1.14 Preparation of property descriptions.

2.1.15 Additional copies of reports (over agreed number) and additional sets of Contract Documents (over agreed number).

2.1.16 Services of a resident Project representative, and other field personnel as required, for on-the-site observation of construction.

2.1.17 Any other special or miscellaneous assignments specifically authorized by OWNER.

SECTION 3 - OWNER'S RESPONSIBILITIES

OWNER shall:

3.1 Provide all criteria and full information as to OWNER'S requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations; and furnish copies of all design and construction standards which OWNER will require to be included in the Drawings and Specifications.

3.2 Assist ENGINEER by placing at his disposal all available information pertinent to the Project including previous reports and any other data relative to design or construction of the Project.

3.3 Furnish to ENGINEER, as required for performance of ENGINEER'S Basic Services, data prepared by or services of others, including without limitation core borings, probings and subsurface explorations, hydrographic surveys, laboratory tests and inspections of samples, materials and equipment; appropriate professional interpretations of all of the foregoing; environmental assessment and impact statements; property, boundary, easement, right-of-way, topographic and utility surveys; property descriptions; zoning, deed and other land use restrictions; and other special data or consultations not covered in SECTION 2; all of which ENGINEER may rely upon in performing his services.

3.4 Provide field control surveys and establish reference points and base lines to enable Contractor(s) to proceed with the layout of the work.

3.5 Arrange for access to and make all provisions for ENGINEER to enter upon public and private property as required for ENGINEER to perform his services.

3.6 Examine all studies, reports, sketches, Drawings, Specifications, proposals and other documents presented by ENGINEER, obtain advice of an attorney, insurance counselor and other consultants as OWNER deems appropriate for such examination and render in writing decisions pertaining thereto within a reasonable time so as not to delay the services of ENGINEER.

3.7 Furnish approvals and permits from all governmental authorities having jurisdiction over the Project and such approvals and consents from others as may be necessary for completion of the Project.

3.8 Provide such accounting, independent cost estimating and insurance counseling services as may be required for the Project, such legal services as OWNER may require or ENGINEER may reasonably request with regard to legal issues pertaining to the Project including any that may be raised by Contractor(s), such auditing service as OWNER may require to ascertain how or for what purpose any Contractor has used the moneys paid to him under the construction contract and such inspection services as OWNER may require to ascertain that Contractor(s) are complying with any law, rule or regulation applicable to their performance of the work.

3.9 Designate in writing a person to act as OWNER'S representative with respect to the services to be rendered under this Agreement. Such person shall have complete authority to transmit instructions, receive information, interpret and define OWNER'S policies and decisions with respect to materials, equipment, elements and systems pertinent to ENGINEER'S services.

3.10 Give prompt written notice to ENGINEER whenever OWNER observes or otherwise becomes aware of any development that affects the scope or timing of ENGINEER'S services, or any defect in the work of Contractor(s).

3.11 Furnish, or direct ENGINEER to provide, necessary Additional Services as stipulated in Section 2 of this Agreement or other services as required.

3.12 Bear all costs incident to compliance with the requirements of this Section 3.

SECTION 4 - PERIOD OF SERVICE

4.1 The provisions of this Section 4 and the various rates of compensation for ENGINEER'S services provided for elsewhere in this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion of the Construction Phase. ENGINEER'S obligation to render services hereunder will extend for a period which may reasonably be required for the design, award of contracts and construction of the Project including extra work and required extensions thereto.

4.2 After acceptance by OWNER of the ENGINEER'S Drawings, Specifications and other Final Design Phase documentation including the most recent opinion of probable Project Cost and upon written authorization to proceed, ENGINEER shall proceed with performance of the services called for in the Bidding. This Phase shall terminate and the services to be rendered thereunder shall be considered complete upon commencement of the Construction Phase or upon cessation of the negotiations with prospective Contractor(s) (except as may be otherwise required to complete the services called for in paragraph 6.1.2.5).

4.3 The Construction Phase will commence with the execution of the first prime contract to be executed for the work of the Project or any part thereof, and will terminate upon written approval by ENGINEER of final payment on the last prime contract to be completed. Construction Phase services may be rendered at different times in respect of separate prime contracts if the Project involves more than one prime contract.

4.4 If OWNER has requested significant modifications or changes in the extent of the Project, the time of performance of ENGINEER'S services and his various rates of compensation shall be adjusted appropriately.

4.5 If OWNER fails to give prompt written authorization to proceed with any phase of services after completion of the immediately preceding phase, or if the Construction Phase has not commenced within 90 calendar days (plus such additional time as may be required to complete the services called for under paragraph 6.2.2.5) after completion of the Final Design Phase, ENGINEER may, after giving seven days' written notice to OWNER, suspend services under this Agreement.

4.6 If ENGINEER'S services for design or during construction of the Project are delayed or suspended in whole or in part by OWNER for more than three months for reasons beyond ENGINEER'S control, ENGINEER shall on written demand to OWNER (but without termination of this Agreement) be paid as provided in paragraph 5.3.2. If such delay or suspension extends for more than one year for reasons beyond ENGINEER'S control, or if ENGINEER for any reason is required to render services more than one year after Substantial Completion, the various rates of compensation provided for elsewhere in this Agreement shall be subject to renegotiation.

4.7 In the event that the work designed or specified by ENGINEER is to be performed under more than one prime contract, OWNER and ENGINEER shall, prior to commencement of the Final Design Phase, develop a schedule for performance of ENGINEER'S services during the Final Design, Bidding and Construction Phases in order to sequence and coordinate properly such services as applicable to the work under such separate contracts.

SECTION 5 - PAYMENTS TO ENGINEER

5.1 METHODS OF PAYMENT FOR SERVICES AND EXPENSES OF ENGINEER

5.1.1 For Basic Services

OWNER shall pay ENGINEER for Basic Services rendered under SECTION 1 and as further identified in Exhibit "A" a lump sum in the amount of $122,930.00.

5.1.2 For Additional Services

OWNER shall pay ENGINEER for Additional Services rendered under SECTION 2 as follows:

5.1.2.1 General

For Additional Services rendered under paragraphs 2.1.1 through 2.1.17, inclusive (except services covered by paragraph 2.1.5 and services as a consultant or witness under paragraph 2.1.12), payment will be at the hourly rates in Exhibit "B".

5.1.2.2 Special Consultants

For services and reimbursable expenses of special consultants employed by ENGINEER pursuant to paragraph 2.1.5 or 2.1.17, the amount billed to ENGINEER therefor times a factor of 1.10

5.1.2.3 Serving as a Witness

For the services rendered by principals and employees as consultants or witnesses in any litigation, hearing or proceeding in accordance with paragraph 2.1.12, at the rate of $ 2,500 per day or any portion thereof (but compensation for time spent in preparing to appear in any such litigation, hearing or proceeding will be on the basis provided in paragraph 5.1.2.1).

5.1.3 As used in this paragraph 5.1 the term "Reimbursable Expenses" will have the meaning assigned to it in paragraph 5.4.

5.2 TIMES OF PAYMENTS

5.2.1 ENGINEER shall submit monthly statements for Basic and Additional Services rendered and for reimbursable Expenses incurred. The statements will be based upon ENGINEER'S estimate of the proportion of the total services actually completed at the time of billing. OWNER shall make prompt monthly payments in response to ENGINEER'S monthly statements.

5.2.2 Upon conclusion of each phase of Basic Services, OWNER shall pay such additional amount, if any, as may be necessary to bring total compensation paid on account of such phase to the following percentages of total compensation payable for all phases of Basic Services:

Phase	Percent of Basic Services
Preliminary Design, Surveying & Easement Descriptions	40%
Final Design	38%
Bidding or Negotiating	6%
Construction	16%
TOTAL	100%

5.3 OTHER PROVISIONS CONCERNING PAYMENTS

5.3.1 Changes in Project Scope

In the event the OWNER changes the scope of the project after the commencement of the Final Design Phase and such changes render the work unusable that has been performed to the date of the change in project scope, ENGINEER will be paid for services rendered during that phase to the date of notice of the change in project scope at the hourly rates in Exhibit "B" for services rendered by principals and employees assigned to the Project during that phase to date of notice of the change in project scope. In the event of any such change in scope, ENGINEER will be paid for all unpaid Additional Services and unpaid Reimbursable Expenses.

In the event the OWNER changes the scope of the project after the commencement of the Final Design Phase and such changes require the Engineer to modify, redesign or otherwise change engineering work that has been completed or partially completed at the date of the change in scope, ENGINEER will be paid for services required to modify, redesign or otherwise change completed engineering work to meet the requirements of the revised scope of services at the hourly rates in Exhibit "B" for principals and employees assigned to the Project. In the event of any such change in scope, ENGINEER will be paid for all Additional Services and Reimbursable Expenses required to make the above stated changes. Before making changes to the engineering work under this provision, the ENGINEER shall submit an estimate of the cost of making the changes under this paragraph. The ENGINEER shall not begin making changes to the engineering work until authorized by the OWNER.

5.3.2 If OWNER fails to make any payment due ENGINEER for services and expenses within sixty days after receipt of ENGINEER'S bill therefor, the amounts due ENGINEER shall include a charge at the rate of 1% per month from said sixtieth day, and in addition, ENGINEER may, after giving seven days' written notice to OWNER, suspend services under this Agreement until he has been paid in full all amounts due him for services and expenses.

5.3.3 In the event of termination by OWNER, upon the completion of any phase of the Basic Services, progress payments due ENGINEER for services rendered through such phase shall constitute total payment for such services. In the event of such termination by OWNER during any phase of the Basic Services, ENGINEER will be paid for services rendered during that phase at the hourly rates in Exhibit "B" for services rendered during that phase to date of termination by principals and employees assigned to the Project. In the event of any such termination, ENGINEER will be paid for all unpaid Additional Services and unpaid Reimbursable Expenses, plus all termination expenses. Termination expenses mean Reimbursable Expenses directly attributable to termination, which shall include an amount computed as a percentage of total compensation for Basic Services earned by ENGINEER to the date of termination, as follows:

20% if termination occurs after commencement of the Preliminary Design Phase but prior to commencement of the Final Design Phase; or

10% if termination occurs after commencement of the Final Design Phase.

5.4 DEFINITIONS

5.4.1 Reimbursable Expenses mean the actual expenses incurred directly or indirectly in connection with the Project for: transportation and subsistence incidental thereto; obtaining bids or proposals from Contractor(s); furnishing and maintaining field office facilities; subsistence and transportation of Resident Project Representatives and their assistants; toll telephone calls and telegrams; reproduction of reports, Drawings, Specifications, and similar Project related items in addition to those required under Section 1; and, if authorized in advance by OWNER, overtime work requiring higher than regular rates.

SECTION 6 - OPINIONS OF COST

6.1 OPINIONS OF COST

6.1.1 Since ENGINEER has no control over the cost of labor, materials, equipment or services furnished by others, or over the Contractor(s)' methods of determining prices, or over competitive bidding or market conditions, his opinions of probable Project Cost and Construction Cost provided for herein are to be made on the basis of his experience and qualifications and represent his best judgment as an experienced and qualified professional engineer, familiar with the construction industry; but ENGINEER cannot and does not guarantee that proposals, bids or actual Project or Construction Cost will not vary from opinions of probable cost prepared by him. If prior to the Bidding Phase OWNER wishes greater assurance as to Project or Construction Cost he shall employ an independent cost estimator as provided in paragraph 3.8. If a

Construction Cost limit is established by written agreement between OWNER and ENGINEER, the following will apply:

6.1.1.1 The acceptance by OWNER at any time during the Basic Services of a revised opinion of probable Project or Construction Cost in excess of the then established cost limit will constitute a corresponding revision in the Construction Cost limit to the extent indicated in such revised opinion.

6.1.1.2 Any Construction Cost limit so established will include a contingency of ten percent unless another amount is agreed upon in writing.

6.1.1.3 ENGINEER will be permitted to determine what materials, equipment, component systems and types of construction are to be included in the Drawings and Specifications and to make reasonable adjustments in the extent of the Project to bring it within the cost limit.

6.1.1.4 If the Bidding Phase has not commenced within six months after completion of the Final Design Phase, the established Construction Cost limit will not be binding on ENGINEER, and OWNER shall consent to an adjustment in such cost limit commensurate with any applicable change in the general level of prices in the construction industry between the date of completion of the Final Design Phase and the date on which proposals or bids are sought.

6.1.1.5 If the lowest bona fide proposal or bid exceeds the established Construction Cost limit, OWNER shall (1) give written approval to increase such cost limit, (2) authorize negotiating or rebidding the Project within a reasonable time, or (3) cooperate in revising the Project's extent or quality. In the case of (3), ENGINEER shall, without additional charge, modify the Contract Documents as necessary to bring the Construction Cost within the cost limit. The providing of such service will be the limit of ENGINEER'S responsibility in this regard and, having done so, ENGINEER shall be entitled to payment for his services in accordance with this Agreement.

SECTION 7 - GENERAL CONSIDERATIONS

7.1 REUSE OF DOCUMENTS

All documents including Drawings and Specifications prepared by ENGINEER pursuant to this Agreement are instruments of service in respect to the Project. They are not intended or represented to be suitable for reuse by OWNER or others on extensions of the Project or on any other project. Any reuse without written verification or adaptation by ENGINEER for the specific purpose intended will be at OWNER'S sole risk and without liability or legal exposure to ENGINEER; and OWNER shall indemnify and hold harmless ENGINEER from all claims, damages, losses and expenses including attorneys' fees arising out of or resulting therefrom. Any such verification or adaptation will entitle ENGINEER to further compensation at rates to be agreed upon by OWNER and ENGINEER.

SECTION 8 - SPECIAL PROVISIONS, EXHIBITS AND SCHEDULES

8.1 The following Exhibits are attached to and made a part of this Exhibit 1:

Exhibit "A" Scope of Work and Exhibit "B" – Freeman-Millican, Inc. - Hourly Rate

Exhibit "A"

Sherman Industrial Park Replacement Sewer

Scope of Work

Preliminary Design

Review and refine preliminary alignment to include about 3000' of additional sewer replacement
Work w/City on property owner permission to survey & clear brush
Flag preliminary alignment for dozing brush by City
Design survey & property corners for easement descriptions
Determine final alignment & review w/city for approval
Obtain deeds, check corners & develop easement descriptions
Work with city & property owners on easement execution

Design

Develop engineering report
Develop plans and specifications for construction
Develop Aerial Crossings
Review plans & specifications with Sherman staff and revise
Review plans & specifications with TCEQ and revise
Print plans, specification & bid documents for bidding
Estimate construction cost
Secure TxDot permit for US 75 crossing
Provide City with plan & profile drawings for 4 RR crossings

Bidding

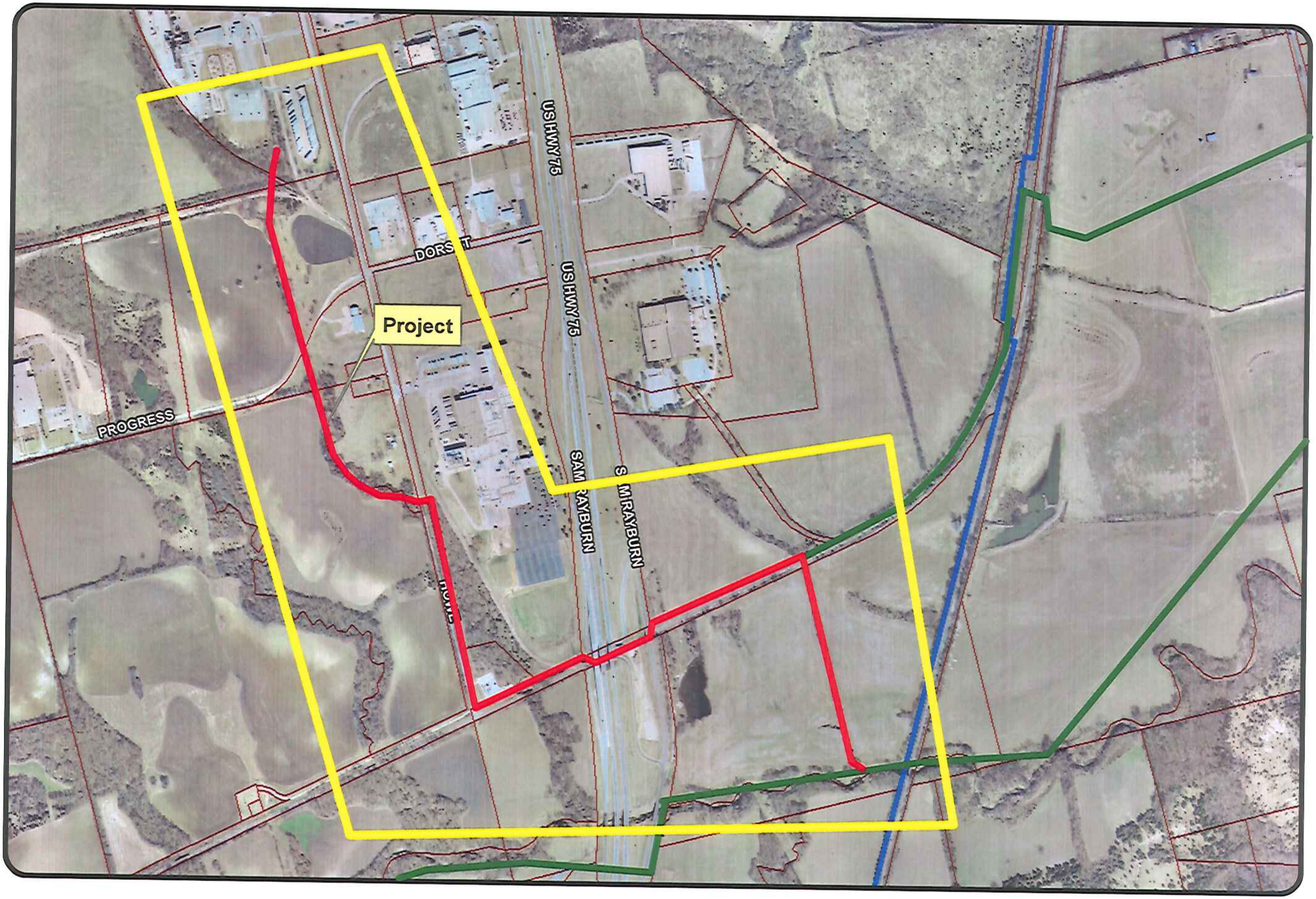
Provide bid documents to plan rooms and bidders
Pre-bid conference
Bid & award construction
Develop construction contracts

Construction

Revise & issue construction documents
Preconstruction meeting at Sherman Engineering
Review construction submittals including aerial crossings
Review monthly progress and payment applications
On site review of pier drilling to establish bottom elevation
On site review of Hwy 75 crossing
Review and process any required changes
Final inspection & punch list
Close out documentation per TWDB
Record drawing

EXHIBIT "B"
FREEMAN-MILLICAN, INC.
HOURLY RATES

Employee Category		Hourly Rate
Principal Engineer		$185
Associate Engineer		$150
Senior Project Engineer		$135
Architect		$135
Project Engineer		$120
EIT		$100
Designer		$ 90
CAD		$ 75
Clerical		$ 50
RPLS		$170
Survey Crew (Including GPS)		$140
Mileage	$0.56/mile	



Sherman
CLASSIC TOWN. BROAD HORIZON.
ENGINEERING DEPARTMENT

Location Map:
Industrial Sewer

1 inch = 1,000 feet

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. D. 1.**

Meeting Date: 07/21/2014

Prepared By: Clay Barnett, Director of Public Works and Engineering

Approved By: George Olson, City Manager

Caption:

**** REQUEST TO ADVERTISE***

Two-Way Radio and Early Warning Siren Maintenance

Issue:

Approve advertising for bids that will provide the City with parts replacement, repairs and maintenance related to in-vehicle two-way radios and the early warning siren system

Background:

The City is requesting to advertise for bids for the maintenance of two-way radios installed in Police, Fire and Public Works vehicles, as well as maintenance on the early warning siren system for Emergency Management. The contract would include optional renewals. The most recent contract expired several years ago and is in need of re-bidding.

Origination:

Equipment Maintenance and Emergency Management

Financial Consideration:

Purchases are made with annually budgeted funds. Cost for advertising for this contract is expected to be less than $200.00.

Staff Recommendation:

It is requested that the City Council authorize the staff to advertise the annual contract for bids.

Alternatives:

As may be directed by the City Council

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. E. 1.**

Meeting Date: 07/21/2014
Prepared By: Otis Henry, Police Chief
Approved By: George Olson, City Manager

Caption:
OTHER BUSINESS
Receive Police Chief Otis Henry's Department Activity Update

Issue:
To provide the City Council with an update on significant Department activity

Background:
The Police Department has been working on several specific activities over the last several years, and over the last several months. During these time frames, we have seen significant progress and improvement in the areas of crime activity, property and evidence storage, recruiting, and Texas Commission on Law Enforcement (TCOLE) record keeping. The purpose of this presentation is to highlight the Department's progress in these areas.

Origination:
Police Department

Financial Consideration:
There is no financial impact to be considered.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. E. 2.**

Meeting Date: 07/21/2014

Prepared By: Robby Hefton, Assistant City Manager/CFO

Approved By: George Olson, City Manager

Caption:

OTHER BUSINESS

Review 2014-2015 Draft Budget

Issue:

Reviewing the draft budget for the 2014-2015 fiscal year

Background:

The City Charter requires that a draft budget be submitted to the Council at least 50 days prior to the start of the new fiscal year. This draft budget reflects the direction given by the Council at the recent Budget Workshop held on June 18, 2014 and is focused on continuing to provide essential services at current levels. The budget contains about $65.3 million in appropriations, which is about $5.7 million higher than the prior year's original budget of $59.6 million, due primarily to a increase in fleet and capital spending. Staffing levels for full-time positions remain unchanged at 408; and fund balances for the General and Utility Funds are within targeted ranges of 70 to 80 days, while the fund balance for the Solid Waste Fund is about 65 days. In accordance with the discussions at the Budget Workshop, the draft budget proposes a property tax rate of $.372/$100 and leaves water/sewer and solid waste rates unchanged. More detailed information is available on the attachments.

Origination:

Assistant City Manager/Chief Financial Officer

Financial Consideration:

The proposed draft budget contains appropriations of $65.3 million for the 2014-2015 fiscal year.

Staff Recommendation:

The staff recommends that the budget ordinance be prepared using the draft budget as presented herein.

The following statement should be read as part of the introduction and adoption of the proposed budget:
"This budget will raise more total property taxes than last year's budget by $992,000 and 13%, and of that amount $353,400 is revenue to be raised from new property to be added to the roll this year."

If the draft meets with the Council's approval, the staff will present the budget ordinance at the August 4, 2014 meeting of the City Council.

Alternatives:

The Council could make changes to the proposed budget, subject to existing available financial resources, and subject to statutory requirements relating to the timing of the budget adoption.

Attachments

Draft Budget for FY 2014-2015

This budget will raise more total property taxes than last year's budget by $992,000 and 13%, and of that amount $353,400 is revenue to be raised from new property to be added to the roll this year.

PROPOSED BUDGET FOR THE CITY OF SHERMAN
FOR FISCAL YEAR 2015
July 1, 2014

SUMMARY

The attached proposed budget for FY2015 is based on the direction provided by the City Council at the budget workshop that was held on June 18, 2014.

The proposed budget funds basic operations and begins to address the need to stabilize the budget for the long-term. To this end several measures will be taken, including an increase in the property tax rate, and funding for an across-the-board wage increase for employees, ongoing fleet replacements, street maintenance, capital projects, police department staffing, succession planning, and maintenance of fund balances at targeted levels.

Appropriations for FY2015 total about $65.3 million, of which $5.9 million is earmarked for capital spending. This budget is about $5.7 million more than original FY2014 budget, primarily from an increase in capital spending and utility fund debt service.

Total budgeted full-time positions in the proposed budget are 408, the same staffing level as FY2014.

GENERAL FUND

The **General Fund** is unbalanced for FY2015 partly due to the appropriation of some one-time sales tax revenue from a recently completed large construction project. Ongoing, the General Fund is still unbalanced. To achieve ongoing balancing, the City has begun a multi-year process of stabilizing revenues to adequately fund basic services and to fund the projects that are needed to meet the growing needs of the community. An increase in the property tax rate is proposed for additional revenue. Sales tax is expected to be lower than FY2014 due to the one time payments received in FY2014 from the construction project. Ongoing, the sales tax revenue base is expected to increase slightly. Franchise fees from electricity and gas utilities were also up during FY2014 due to the extremely cold winter. These revenues are also expected to be back down to normal levels for FY2015. Fund balance is projected to be $6.8 million or 78 days at the end of FY2015.

UTILITY FUND

For the budget year 2015, the **Utility Fund** is balanced on an ongoing basis. A non-recurring transfer to the General Fund is budgeted to aid the General Fund while the multi-year plan to stabilize revenues in that fund is implemented. Additional debt service has been budgeted in anticipation of the water treatment plant expansion. Remaining fund balance at the end of 2015 is projected to be in line with targeted levels with about $4.2 million, or about 71 days of operating expenses.

SOLID WASTE FUND

The **Solid Waste Fund** is balanced on an on-going basis but ending balances are projected to decline because of an unusually large amount of capital expenditures needed in FY2015 that were deferred in prior years. Fund balances in this fund are expected to be $1.0 million, or 65 days of operating funds available at the end of FY2015.

CAPITAL IMPROVEMENT FUNDS

The proposed budget of about $3.4 million in the **General Improvement Fund** consists of funding for the completion of the 4-year street maintenance program, restoration and repair of the exterior of the Municipal Building, erosion repair on Hunt Street, and repairs to various fire stations. Sherman Economic Development Corporation will fund GIS system improvements and a developer will fund the bridge repair at Loy Lake Road and Hwy 75. Reserves of about $425,000 are expected at the end of FY2015.

The **Utility Improvement Fund** proposed budget consists of water tower painting and repair, and repair of the Ricketts Street water line. Utility Improvement Fund reserves will be about $76,000 at the end of FY2015.

MAJOR IMPACTS

Property Tax Rate

In order to raise the proposed revenue of $31.7 million in the General Fund, a total property tax rate of $.372/$100 valuation is proposed, which is a 2.9 cent increase over the estimated calculated effective tax rate of about $.343/$100 valuation and a 2.4 cent increase over the FY2014 rate of $.348/$100. This increase is expected to generate about $515,000 in additional revenue for the General Fund, and about $550,000 overall to the City.

Wage Increase

The proposed budget contains a 1% increase in base salaries plus a $500 one-time payment for employees. The cost for all funds is projected to be about $461,000.

Staffing

A City Engineer was added in the General Fund, and a Water Quality Specialist was added in the Utility Fund to bring some water testing services in-house. The City's tourism function has been contracted out to the Sherman Chamber of Commerce, thus eliminating the tourism director position. A position was also eliminated in the Street Department.

Fleet and Equipment

Major expenditures for this year include four police vehicles ($161,000), two ambulances ($243,000), an asphalt distributor and other equipment for the Street Department ($330,000), a backhoe and dump truck for the Water Distribution Department ($173,000), trash trucks and trailers ($1.2 million) for the Solid Waste Fund and various other trucks and equipment totaling about $2.3 million for all funds.

SUMMARY SCHEDULES, DETAILED FUND STATEMENTS, AND OTHER INFORMATION

The following pages include a schedule that summarizes the draft FY2015 budget, eliminating double counting for internal service funds and inter-fund transfers. Also included are statements of revenues and expenditures/expenses for each fund, a schedule of transfers, a property tax historical summary, and a debt schedule.

City of Sherman
ALL FUNDS
2014 -2015 Annual Budget

	General Fund	Enterprise Funds	Internal Service Funds	Special Revenue Funds	Capital Improvement Funds	Trust Fund	Debt Service Funds	Elim. Interfund Transfers	Totals
Beginning Fund Balance	**$ 8,816,055**	**$ 6,729,685**	**$ 295,153**	**$ 544,153**	**$ 3,094,312**	**$ 1,455,836**	**$ 575,762**	**$ -**	**$ 21,510,956**
Revenues:									
Taxes	24,180,000	-	-	556,200	135,500	-	1,269,000	-	26,140,700
Water Sales	-	12,683,000	-	-	-	-	-	-	12,683,000
Sewer Sales	-	7,022,000	-	-	-	-	-	-	7,022,000
Solid Waste Sales	-	5,561,000	-	-	-	-	-	-	5,561,000
Other Fees for Services	3,769,345	725,500	8,985,100	878,500	-	-	-	(7,840,100)	6,518,345
Interest	50,205	23,700	515	815	9,450	75,000	770	-	160,455
Other	229,310	777,667	-	175,000	1,500,000	7,000	-	-	2,688,977
Transfers In	3,486,000	153,100	2,549,773	-	2,250,000	-	114,000	(8,552,873)	-
Total Revenues	**31,714,860**	**26,945,967**	**11,535,388**	**1,610,515**	**3,894,950**	**82,000**	**1,383,770**	**(16,392,973)**	**60,774,477**
Total Funds Available	**40,530,915**	**33,675,652**	**11,830,541**	**2,154,668**	**6,989,262**	**1,537,836**	**1,959,532**	**(16,392,973)**	**82,285,433**
Expenditures:									
Personnel	22,254,326	6,602,660	1,112,184	145,715	-	-	-	-	30,114,885
Supplies	1,479,276	1,192,136	1,177,010	546,539	-	-	-	-	4,394,961
Maintenance	1,323,810	1,835,553	792,548	186,963	-	-	-	-	4,138,874
Utilities	1,434,450	2,591,590	88,610	53,660	-	-	-	-	4,168,310
Contract Wages	212,750	126,080	6,000	-	-	-	-	-	344,830
Technology Services	553,090	104,520	10,250	-	-	-	-	(668,860)	(1,000)
Debt Service	-	5,163,079	220,229	-	-	-	1,343,089	-	6,726,397
Contractual Services	1,806,932	3,081,426	5,525,235	259,890	-	-	-	(4,327,000)	6,346,483
Vehicle Usage	1,500,840	1,339,900	-	3,500	-	-	-	(2,844,240)	-
Capital Expenses	198,632	44,900	2,449,805	33,000	5,858,815	-	-	-	8,585,152
Other	-	451,000	-	48,166	-	-	-	-	499,166
Transfers Out	2,983,615	5,455,258	-	114,000	-	-	-	(8,552,873)	-
Total Expenditures	**33,747,721**	**27,988,102**	**11,381,871**	**1,391,433**	**5,858,815**	**-**	**1,343,089**	**(16,392,973)**	**65,318,058**
Excess Revenues Over Expenditures	**(2,032,861)**	**(1,042,135)**	**153,517**	**219,082**	**(1,963,865)**	**82,000**	**40,681**	**-**	**(4,543,581)**
Ending Fund Balance	**$ 6,783,194**	**$ 5,687,550**	**$ 448,670**	**$ 763,235**	**$ 1,130,447**	**$ 1,537,836**	**$ 616,443**	**$ -**	**$ 16,967,375**

City of Sherman
GENERAL FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Adjusted Budget 2013-2014	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 7,071,535**	**$ 6,806,621**	**$ 7,339,812**	**$ 8,816,055**
Revenues:				
Taxes	22,292,678	22,370,500	24,047,000	24,180,000
Other Fees for Services	3,570,377	3,918,165	3,419,750	3,769,345
Interest	19,552	55,240	46,205	50,205
Other	472,958	212,185	235,357	229,310
Transfers In	3,670,766	4,311,000	4,311,000	3,486,000
Total Revenues	**30,026,331**	**30,867,090**	**32,059,312**	**31,714,860**
Total Funds Available	**37,097,866**	**37,673,711**	**39,399,124**	**40,530,915**
Expenditures:				
Personnel	21,009,606	21,702,978	21,286,388	22,254,326
Supplies	1,369,913	1,445,191	1,361,919	1,479,276
Maintenance	1,059,014	1,408,415	1,287,165	1,323,810
Utilities	1,341,615	1,439,656	1,405,800	1,434,450
Contract Wages	166,670	231,410	238,792	212,750
Technology Services	469,156	496,870	452,080	553,090
Debt Service	69,431	-	-	-
Contractual Services	1,470,142	1,705,552	1,549,727	1,806,932
Vehicle Usage	1,329,165	1,419,140	1,414,329	1,500,840
Equipment & Buildings	325,474	269,513	257,794	198,632
Transfers Out	1,147,868	889,075	1,329,075	2,983,615
Total Expenditures	**29,758,054**	**31,007,800**	**30,583,069**	**33,747,721**
Excess Revenues over Expenditures	**268,277**	**(140,710)**	**1,476,243**	**(2,032,861)**
Ending Fund Balance	**$ 7,339,812**	**$ 6,665,911**	**$ 8,816,055**	**$ 6,783,194**

City of Sherman
ENTERPRISE FUNDS
2014 -2015 Annual Budget

	Actual 2012-2013	Adjusted Budget 2013-2014	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 8,086,872**	**$ 8,520,925**	**$8,445,222**	**$6,729,685**
Revenues:				
Water Sales	11,574,956	12,132,000	12,036,000	12,683,000
Sewer Sales	6,668,455	6,654,000	7,085,000	7,022,000
Solid Waste Sales	5,327,724	5,392,390	5,680,000	5,561,000
Other Fees for Services	653,760	843,800	726,450	725,500
Interest	23,730	17,950	28,700	23,700
Other	842,905	459,092	755,292	777,667
Transfers In	123,700	135,000	135,000	153,100
Total Revenues	**25,215,230**	**25,634,232**	**26,446,442**	**26,945,967**
Total Funds Available	**33,302,102**	**34,155,157**	**34,891,664**	**33,675,652**
Expenditures:				
Personnel	5,926,979	6,288,156	6,281,056	6,602,660
Supplies	1,030,874	1,147,237	1,078,534	1,192,136
Maintenance	1,636,529	2,020,763	1,772,860	1,835,553
Utilities	2,240,463	2,708,500	2,384,670	2,591,590
Contract Wages	47,081	126,080	72,000	126,080
Technology Services	79,343	80,630	73,440	104,520
Contractual Services	3,301,067	3,028,092	3,018,477	3,081,426
Vehicle Usage	1,301,351	1,358,520	1,254,682	1,339,900
Debt Service	4,607,224	4,695,608	4,625,508	5,163,079
Capital Expenses	59,310	63,530	63,508	44,900
Other	272,344	476,711	779,000	451,000
Transfers Out	4,354,315	6,508,244	6,758,244	5,455,258
Total Expenditures	**24,856,880**	**28,502,071**	**28,161,979**	**27,988,102**
Excess Revenues over Expenditures	**358,350**	**(2,867,839)**	**(1,715,537)**	**(1,042,135)**
Ending Fund Balance	**$8,445,222**	**$5,653,086**	**$6,729,685**	**$5,687,550**

City of Sherman
CAPITAL IMPROVEMENT FUNDS
2014 -2015 Annual Budget

	222 General CIP	770 Utility CIP	224 Street Revolving	230 TIF #3 Construction	330 TIF #2 Construction	Total
Beginning Fund Balance	**$ 416,028**	**$ 1,436,691**	**$ 451,873**	**$ 656,034**	**$ 133,686**	**$ 3,094,312**
Revenues:						
Interest	-	7,500	750	600	600	9,450
Bond/ Debt Proceeds	-		-	-	-	-
Property Tax	-	-	-	70,500	65,000	135,500
Other	1,500,000	-	-	-	-	1,500,000
Transfer In	1,900,000	350,000	-	-	-	2,250,000
Total Revenues	**3,400,000**	**357,500**	**750**	**71,100**	**65,600**	**3,894,950**
Total Funds Available	**3,816,028**	**1,794,191**	**452,623**	**727,134**	**199,286**	**6,989,262**
Expenditures						
Equipment & Improvements	**3,390,815**	**1,718,000**	**-**	**725,000**	**25,000**	**5,858,815**
Excess Revenues over Expenditures	**9,185**	**(1,360,500)**	**750**	**(653,900)**	**40,600**	**(1,963,865)**
Ending Fund Balance	**$ 425,213**	**$ 76,191**	**$ 452,623**	**$ 2,134**	**$ 174,286**	**$ 1,130,447**

City of Sherman
SPECIAL REVENUE FUNDS
2014 -2015 Annual Budget

	440 E 911	460 Hotel/ Motel	470 Drug Enforcement	480 Airport	455 Parks Pride	456 Police Pride	457 Donations	Total
Beginning Fund Balance	$ 33,702	$ 364,184	$ 6,923	$ 116,294	$ 19,321	$ 1,079	$ 2,650	$ 544,153
Revenues								
Tax	-	556,200	-	-	-	-	-	556,200
Other Fees for Services	315,000	44,500	-	519,000	-	-	-	878,500
Interest	50	200	300	200	35	25	5	815
Other	-	-	150,000	-	10,000	10,000	5,000	175,000
Total Revenues	**315,050**	**600,900**	**150,300**	**519,200**	**10,035**	**10,025**	**5,005**	**1,610,515**
Total Funds Available	**348,752**	**965,084**	**157,223**	**635,494**	**29,356**	**11,104**	**7,655**	**2,154,668**
Expenditures								
Personnel	107,277	38,438	-	-	-	-	-	145,715
Supplies	10,950	7,600	85,569	430,920	-	4,000	7,500	546,539
Maintenance	109,913	27,050	27,000	23,000	-	-	-	186,963
Utilities	-	37,410	-	16,250	-	-	-	53,660
Contractual Services	111,020	40,800	27,500	44,770	29,000	6,800	-	259,890
Vehicle Usage	-	-	-	3,500	-	-	-	3,500
Equipment & Buildings	-	16,500	16,500	-	-	-	-	33,000
Tourism	-	48,166	-	-	-	-	-	48,166
Transfers Out	-	114,000	-	-	-	-	-	114,000
Total Expenditures	**339,160**	**329,964**	**156,569**	**518,440**	**29,000**	**10,800**	**7,500**	**1,391,433**
Excess Revenues over Expenditures	**(24,110)**	**270,936**	**(6,269)**	**760**	**(18,965)**	**(775)**	**(2,495)**	**219,082**
Ending Fund Balance	**$ 9,592**	**$ 635,120**	**$ 654**	**$ 117,054**	**$ 356**	**$ 304**	**$ 155**	**$ 763,235**

City of Sherman
DEBT SERVICE FUNDS
2014 -2015 Annual Budget

	310 Auditorium Bonds	320 TIF #1	350 2008 CO Bonds	351 2009 CO Bonds	353 2009A CO Bonds	Total
Beginning Fund Balance	**$ 146,299**	**$ 348,543**	**$ 10,066**	**$ 12,056**	**$ 58,798**	**$ 575,762**
Revenues						
Property Tax	-	409,000	358,000	312,000	190,000	1,269,000
Sales Tax	-	-	-	-	-	-
Interest	270	500	-	-	-	770
Transfer In	114,000	-	-	-	-	114,000
Total Revenues	**114,270**	**409,500**	**358,000**	**312,000**	**190,000**	**1,383,770**
Total Funds Available	**260,569**	**758,043**	**368,066**	**324,056**	**248,798**	**1,959,532**
Expenditures:						
Debt Service	**114,088**	**313,321**	**358,107**	**312,060**	**245,513**	**1,343,089**
Excess Revenues over Expenditures	**182**	**96,179**	**(107)**	**(60)**	**(55,513)**	**40,681**
Ending Fund Balance	**$ 146,481**	**$ 444,722**	**$ 9,959**	**$ 11,996**	**$ 3,285**	**$ 616,443**

City of Sherman
INTERNAL SERVICE FUNDS
2014 -2015 Annual Budget

	600 Insurance	630 IT	650 Equipment	660 Fleet Replacement	Total
Beginning Fund Balance	**$ 12,286**	**$ 90,458**	**$ 50,341**	**$ 142,068**	**$ 295,153**
Revenue					
Other Fees for Services	5,472,000	668,860	2,844,240	-	8,985,100
Interest	-	15	-	500	515
Transfer in	-	-	-	2,549,773	2,549,773
Total Revenue	**5,472,000**	**668,875**	**2,844,240**	**2,550,273**	**11,535,388**
Total Funds Available	**5,484,286**	**759,333**	**2,894,581**	**2,692,341**	**11,830,541**
Expenditures					
Personnel	-	351,184	761,000	-	1,112,184
Supplies	-	41,625	1,135,385	-	1,177,010
Maintenance	-	102,414	690,134	-	792,548
Utilities	-	53,360	35,250	-	88,610
Contract Wages	-	6,000	-	-	6,000
Technology Services	-	-	10,250	-	10,250
Contractual Services	5,319,000	19,015	187,220	-	5,525,235
Debt Service	-	-	-	220,229	220,229
Equipment & Buildings	-	95,261	25,000	2,329,544	2,449,805
Total Expenditures	**5,319,000**	**668,859**	**2,844,239**	**2,549,773**	**11,381,871**
Excess Revenues over Expenditures	**153,000**	**16**	**1**	**500**	**153,517**
Ending Fund Balance	**$ 165,286**	**$ 90,474**	**$ 50,342**	**$ 142,568**	**$ 448,670**

City of Sherman
PERPETUAL CARE FUND
2014 -2015 Annual Budget

		Actual 2012-2013		Projected 2013-2014		Draft 2014-2015
Beginning Fund Balance	$	1,313,221	$	1,373,836	$	1,455,836
Revenues						
Other revenue		6,200		7,000		7,000
Interest Earned		54,415		75,000		75,000
Total Revenues		**60,615**		**82,000**		**82,000**
Total Funds Available		**1,373,836**		**1,455,836**		**1,537,836**
Expenditures						
Miscellaneous		-		-		-
Ending Fund Balance	$	**1,373,836**	$	**1,455,836**	$	**1,537,836**

City of Sherman
GENERAL FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Amended Budget 2013-2014	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 6,952,308**	**$ 6,144,829**	**$ 7,220,474**	**$ 8,707,442**
Revenues				
Property Taxes	6,026,008	6,432,500	6,450,000	7,430,000
Sales Taxes	13,337,682	13,069,000	14,350,000	13,706,000
Franchise Taxes	2,813,085	2,744,000	3,101,000	2,898,000
Other Taxes	115,903	125,000	146,000	146,000
Fines & Forfeitures	842,241	1,149,140	608,450	906,150
Recreation	299,821	286,300	319,000	319,000
Permits & Licenses	253,801	292,730	386,500	378,500
Rentals	63,784	63,295	80,100	79,995
Cemetery Sales and Services	128,405	200,700	177,700	247,700
Sales & Services	542,474	546,000	548,000	538,000
Ambulance Services	1,439,851	1,380,000	1,300,000	1,300,000
Interest	19,350	55,000	46,000	50,000
Grants and Miscellaneous	444,600	195,800	214,307	209,510
Total Revenues	26,327,005	26,539,465	27,727,057	28,208,855
Transfers In	3,670,766	4,311,000	4,311,000	3,486,000
Total Revenues and Transfers In	**29,997,771**	**30,850,465**	**32,038,057**	**31,694,855**
Total Funds Available	**36,950,079**	**36,995,294**	**39,258,531**	**40,402,297**
Expenditures				
Personnel	21,009,606	21,702,978	21,286,388	22,254,326
Supplies	1,369,913	1,445,191	1,361,919	1,479,276
Maintenance	1,059,014	1,408,415	1,287,165	1,323,810
Utilities	1,341,615	1,439,656	1,405,800	1,434,450
Contract Wages	166,670	231,410	238,792	212,750
Technology Services	469,156	496,870	452,080	553,090
Debt Service	69,431	-	-	-
Contractual and Sundry Services	1,441,693	1,599,932	1,517,747	1,690,762
Vehicle Usage	1,329,165	1,419,140	1,414,329	1,500,840
Equipment and Buildings	325,474	269,513	257,794	198,632
Transfer Out to Other Funds	-	-	440,000	1,900,000
Transfer Out to Fleet Fund	1,147,868	889,075	889,075	1,083,615
Total Expenditures	**29,729,605**	**30,902,180**	**30,551,089**	**33,631,551**
Excess Revenues over Expenditures	**268,166**	**(51,715)**	**1,486,968**	**(1,936,696)**
Ending Fund Balance	**$ 7,220,474**	**$ 6,093,114**	**$ 8,707,442**	**$ 6,770,746**

City of Sherman
UTILITY FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Adjusted Budget 2013-2014	Projected 2013-2014	Draft 2014-2015
Beginning Reserve	**$ 6,517,424**	**$ 6,848,028**	**$ 6,606,199**	**$ 4,683,306**
Revenues				
Water Revenues	11,574,956	12,132,000	12,036,000	12,683,000
Sewer Revenues	6,668,455	6,654,000	7,085,000	7,022,000
Laboratory Charges	121,219	125,100	132,000	131,000
Service & Penalties	532,541	494,000	542,000	542,000
Interest	21,338	16,000	11,000	11,000
Intergovernmental	518,962	453,092	453,092	546,467
Miscellaneous	140,851	85,700	215,000	144,000
Total Revenues	19,578,322	19,959,892	20,474,092	21,079,467
Transfers In	123,700	135,000	135,000	153,100
Total Revenues and Transfers In	**19,702,022**	**20,094,892**	**20,609,092**	**21,232,567**
Total Funds Available	**26,219,446**	**26,807,920**	**27,215,291**	**25,915,873**
Expenditures				
Personnel	4,551,845	4,742,293	4,812,976	5,036,904
Supplies	929,885	1,033,612	978,328	1,029,756
Maintenance & Repair	1,588,472	1,960,323	1,719,940	1,775,554
Utilities	2,218,568	2,675,900	2,359,360	2,561,000
Technology Services	68,994	67,730	61,690	90,170
Debt Service	4,572,014	4,695,608	4,625,508	5,163,079
Contract Wages	47,081	124,000	72,000	124,000
Contractual & Special Services	1,868,248	1,565,720	1,506,970	1,555,384
Vehicle Usage	263,691	282,110	262,753	344,390
Other	272,344	476,711	779,000	451,000
Capital Expenses	59,310	8,530	8,460	44,900
Total Expenditures	16,440,452	17,632,537	17,186,985	18,176,137
Transfers Out				
General Fund-Franch & Admin	1,602,000	1,643,000	1,643,000	1,747,000
General Fund-Other	1,442,000	2,057,000	2,057,000	1,100,000
Other Funds	-	-	205,000	350,000
Fleet	128,795	1,440,000	1,440,000	308,680
Total Transfers Out	3,172,795	5,140,000	5,345,000	3,505,680
Total Expenditures and Transfers Out	**19,613,247**	**22,772,537**	**22,531,985**	**21,681,817**
Excess Revenues over Expenditures	**88,775**	**(2,677,645)**	**(1,922,893)**	**(449,250)**
Ending Reserve	**$ 6,606,199**	**$ 4,170,383**	**$ 4,683,306**	**$ 4,234,056**

City of Sherman
SOLID WASTE FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Original Budget 2013-2014	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 1,141,483**	**$ 1,342,857**	**$ 1,405,087**	**$ 1,595,793**
Revenues				
Solid Waste Fees	5,327,724	5,392,390	5,680,000	5,561,000
Service Penalties	51,635	47,000	52,000	52,000
Interest	921	500	1,500	1,500
Miscellaneous	126,957	92,000	87,200	87,200
Total Revenues	**5,507,237**	**5,531,890**	**5,820,700**	**5,701,700**
Total Funds Available	**6,648,720**	**6,874,747**	**7,225,787**	**7,297,493**
Expenditures				
Personnel	1,375,134	1,545,863	1,468,080	1,565,756
Supplies	100,989	113,625	100,206	162,380
Maintenance & Repair	48,057	60,440	52,920	59,999
Utilities	21,895	32,600	25,310	30,590
Contract Wages	-	2,080	-	2,080
Technology Services	10,349	12,900	11,750	14,350
Solid Waste Debt Service	35,210	-	-	-
Contractual & Sundry Services	1,432,819	1,452,372	1,511,507	1,511,042
Vehicle Usage	1,037,660	1,076,410	991,929	995,510
Capital Expenses	-	55,000	55,048	-
Transfers Out-Franchise & Admin	737,766	611,000	611,000	639,000
Transfers Out-Billing		135,000	135,000	153,100
Transfers Out-Other	-	-	45,000	-
Transfers Out-Fleet	443,754	622,244	622,244	1,157,478
Total Expenditures	**5,243,633**	**5,719,534**	**5,629,994**	**6,291,285**
Excess Revenues over Expenditures	**263,604**	**(187,644)**	**190,706**	**(589,585)**
Ending Fund Balance	**$ 1,405,087**	**$ 1,155,213**	**$ 1,595,793**	**$ 1,006,208**

City of Sherman
EMPLOYEE INSURANCE FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Budget 2013-2014	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ (247,367)**	**$ 52,550**	**$ (318,771)**	**$ 12,286**
Revenues				
Employer Contributions	3,696,086	4,202,000	3,935,000	4,327,000
Employee Contributions	799,305	620,000	892,000	892,000
Retiree Contributions	252,684	266,000	238,000	247,000
COBRA Contributions	5,641	8,000	8,000	6,000
Miscellaneous Revenue	-	-	57	-
Transfers In	800,000	200,000	750,000	-
Total Revenues	**5,553,716**	**5,296,000**	**5,823,057**	**5,472,000**
Total Funds Available	**5,306,349**	**5,348,550**	**5,504,286**	**5,484,286**
Expenditures				
Health Insurance Claims	4,999,150	4,400,000	4,840,000	4,650,000
Insurance Premiums & Cost	582,424	560,000	577,000	594,000
Life Insurance	43,546	45,000	50,000	50,000
Miscellaneous	-	25,000	25,000	25,000
Total Expenditures	**5,625,120**	**5,030,000**	**5,492,000**	**5,319,000**
Excess Revenues over Expenditures	**(71,404)**	**266,000**	**331,057**	**153,000**
Ending Fund Balance	**$ (318,771)**	**$ 318,550**	**$ 12,286**	**$ 165,286**

City of Sherman
GENERAL IMPROVEMENT FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Adjusted Budget 2013-2014	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 456,994**	**$ 23,236**	**$ 310,882**	**$ 416,028**
Revenues				
Transfers In	200,000	600,000	740,000	1,900,000
SEDCO (TxDot and GIS)	260,000	200,000	200,000	200,000
Grant Proceeds	50,333	-	16,583	-
Investment Interest	483	250	100	-
Miscellaneous	413,588	-	-	1,300,000
Total Revenues	**924,404**	**800,250**	**956,683**	**3,400,000**
Total Funds Available	**1,381,398**	**823,486**	**1,267,565**	**3,816,028**
Expenditures				
Washington Street West	3,150	-	85,000	-
GIS System	38,717	203,550	203,550	200,000
Watershed Management	63,613	-	-	-
Soil Conservation Emergency Action Plan Study	14,073	-	1,170	-
Neighborhood Revitalization-Fielder Park	143,835	44,937	44,937	-
Municipal Building Repair	455	328,730	138,730	240,815
Canyon Grove to Hwy 82	1,979	-	-	-
Taylor Street Complex	191,106	650	650	-
Hwy 1417 Ramp from Hwy 75	400,000	-	-	-
Ramp Reversal-Hwy 1417 and 75	213,588	-	-	-
* Loy Lake Bridge	-	-	-	1,300,000
Street Improvement Program	-	-	-	1,500,000
Fallon Drive Bridge Repair	-	287,500	287,500	-
Hunt Street Erosion	-	90,000	90,000	100,000
Fire Station Repairs	-	-	-	50,000
Total Expenditures	**1,070,516**	**955,367**	**851,537**	**3,390,815**
Excess Revenues over Expenditures	**(146,112)**	**(155,117)**	**105,146**	**9,185**
Ending Fund Balance	**$ 310,882**	**$ (131,881)**	**$ 416,028**	**$ 425,213**

* **TXDOT Participation**

City of Sherman
UTILITY IMPROVEMENT FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Budget 2013-2014	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 3,590,265**	**$ 1,490,937**	**$ 2,170,599**	**$ 1,436,691**
Revenues				
Transfers In	-	600,000	600,000	350,000
SEDCO Reimbursements for Hwy 289 Water	227,221	-	268,189	-
Interest Income	11,309	15,000	15,000	7,500
Total Revenues	**238,530**	**615,000**	**883,189**	**357,500**
Total Funds Available	**3,828,795**	**2,105,937**	**3,053,788**	**1,794,191**
Expenditures				
Utility Oversizing	-	100,000	-	50,000
WWTP Digester Rehab	22,516	-	-	-
Gallagher Tower Evaluation	19,623	-	11,300	-
Sears Lift Station	8,898	-	72,437	25,000
WTP Second Feed	3,600	-	-	-
Hwy 289 Water	254,442	-	171,018	-
Hwy 289 Sewer	78,095	-	35,970	-
Upgrade Metering and Telemetry for Water System	195,067	-	92,772	-
Well Repairs and Upgrades	730	-	624,270	-
Gallagher Elevated Tank Painting and Repair	-	1,125,000	-	1,125,000
Infiltration & Inflow Office and Storage Facility	21,885	-	69,250	-
** Blalock Industrial Sewer	18,860	-	-	-
* VFD Headworks Pump Replacement	10,000	-	-	-
WWTP Effluent Reuse Engineering	24,480	-	585	-
Cherry Park Pump Station Rehab	-	500,000	500,000	-
Ricketts St Water Line	-	168,000	-	168,000
Water Treatment Plant Expansion	-	-	39,495	-
WWTP Basin Cleaning	-	-	-	350,000
Transfers Out-Employee Insurance Fund	1,000,000	-	-	-
Total Expenditures	**1,658,196**	**1,893,000**	**1,617,097**	**1,718,000**
Excess Revenues over Expenditures	**(1,419,666)**	**(1,278,000)**	**(733,908)**	**(1,360,500)**
Ending Fund Balance	**$ 2,170,599**	**$ 212,937**	**$ 1,436,691**	**$ 76,191**

PUBLIC CHARITIES FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	$ 50,293	$ 50,286	$ 39,441
Revenues			
Interest	84	85	85
Animal Shelter Donations	9,411	12,000	12,000
Pet Adoption Donations	12,801	750	500
Fishing Festival	163	150	150
Fire Dept Donations	1,205	500	500
Genealogical Donations	24	150	150
Sherman Beautification	-	2,000	1,000
Parks Concessions Revenue	4,254	5,000	5,000
Parks & Recreation Donations	500	500	500
Total Revenues	**28,442**	**21,135**	**19,885**
Total Funds Available	**78,735**	**71,421**	**59,326**
Expenditures			
Library Donations	-	58	-
Glennie O. Ham Center	-	794	-
Altrusa (W.A.F.A.)	-	63	-
Senior Citizen's Dance Club	-	50	70
Animal Shelter Donations	16,003	13,000	32,000
Pet Adoption Fund	8,082	2,000	4,000
Fire Dept Donations	-	5,500	3,000
Fishing Festival	234	500	800
Genealogical	-	15	300
Remodeling Contingency	-	4,000	5,000
Total Expenditures	-	1,500	1,500
Parks Concessions Expense	3,698	4,000	4,000
Parks & Recreation Donations	432	500	500
Total Expenditures	**28,449**	**31,980**	**51,170**
Excess Revenues over Expenditures	**(7)**	**(10,845)**	**(31,285)**
Ending Fund Balance	**$ 50,286**	**$ 39,441**	**$ 8,156**

City of Sherman
LAND TRANSACTION FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	$ 68,934	$ 69,052	$ 69,172
Revenues			
Land Sales	-	-	-
Interest Earned	118	120	120
Total Revenues	**118**	**120**	**120**
Total Funds Available	69,052	69,172	69,292
Expenditures			
Miscellaneous	-	-	65,000
Excess Revenues over Expenditures	118	120	(64,880)
Ending Fund Balance	$ 69,052	$ 69,172	$ 4,292

City of Sherman
STREET REVOLVING FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 450,096**	**$ 451,123**	**$ 451,873**
Revenues			
Interest Income	1,027	750	750
Total Revenues	**1,027**	**750**	**750**
Total Funds Available	**451,123**	**451,873**	**452,623**
Expenditures	**-**	**-**	**-**
Ending Fund Balance	**$ 451,123**	**$ 451,873**	**$ 452,623**

City of Sherman
TIF #3 CONSTRUCTION FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 697,848**	**$ 705,757**	**$ 656,034**
Revenues			
Property Tax	64,854	69,677	70,500
Interest	487	600	600
Total Revenues	**65,341**	**70,277**	**71,100**
Total Funds Available	**763,189**	**776,034**	**727,134**
Expenditures			
Improvements	**57,432**	**120,000**	**725,000**
Excess Revenues over Expenditures	**7,909**	**(49,723)**	**(653,900)**
Ending Fund Balance	**$ 705,757**	**$ 656,034**	**$ 2,134**

City of Sherman
TIF #2 CONSTRUCTION FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	$ 85,291	$ (88,314)	$ 133,686
Revenues			
Grant Revenue	129,060	1,925	-
Property Tax	60,464	64,400	65,000
Interest	405	600	600
Total Revenues	**189,929**	**66,925**	**65,600**
Total Funds Available	**275,220**	**(21,389)**	**199,286**
Expenditures:			
Improvements	**363,534**	**18,530**	**25,000**
Excess Revenues over Expenditures	**(173,605)**	**48,395**	**40,600**
Ending Fund Balance	**$ (88,314)**	**$ 133,686**	**$ 125,891**

City of Sherman
AUDITORIUM DEBT SERVICE FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 144,670**	**$ 142,204**	**$ 146,299**
Revenues			
Transfers-in from Hotel/Motel Tax	115,000	115,000	114,000
Interest	272	270	270
Total Revenues	**115,272**	**115,270**	**114,270**
Total Funds Available	**259,942**	**257,474**	**260,569**
Expenditures			
Debt Service	117,438	110,425	113,338
Agent Fees	300	750	750
Total Expenditures	**117,738**	**111,175**	**114,088**
Excess Revenues over Expenditures	**(2,466)**	**4,095**	**182**
Ending Fund Balance	**$ 142,204**	**$ 146,299**	**$ 146,481**

City of Sherman
TIF #1 DEBT SERVICE FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 226,562**	**$ 260,995**	**$ 348,543**
Revenues			
Property Tax	353,135	403,101	409,000
Interest	412	500	500
Total Revenues	**353,547**	**403,601**	**409,500**
Total Funds Available	**580,109**	**664,596**	**758,043**
Expenditures			
Debt Service	318,914	315,853	312,571
Agent Fees	200	200	750
Total Expenditures	**319,114**	**316,053**	**313,321**
Excess Revenues over Expenditures	**34,433**	**87,548**	**96,179**
Ending Fund Balance	**$ 260,995**	**$ 348,543**	**$ 444,722**

City of Sherman
2008 CO DEBT SERVICE FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	$ 9,335	$ 9,865	$ 10,066
Revenues			
Property Tax Revenues	358,000	361,000	358,000
Total Revenues	**358,000**	**361,000**	**358,000**
Total Funds Available	**367,335**	**370,865**	**368,066**
Expenditures			
Debt Service	357,470	360,049	357,357
Agent Fees	-	750	750
Total Expenditures	**357,470**	**360,799**	**358,107**
Excess Revenues over Expenditures	**530**	**201**	**(107)**
Ending Fund Balance	**$ 9,865**	**$ 10,066**	**$ 9,959**

City of Sherman
2009 CO DEBT SERVICE FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 149,376**	**$ 12,316**	**$ 12,056**
Revenues			
Property Tax Revenues	175,000	312,000	312,000
Total Revenues	**175,000**	**312,000**	**312,000**
Total Funds Available	**324,376**	**324,316**	**324,056**
Expenditures			
Debt Service	311,560	311,510	311,310
Agent Fees	500	750	750
Total Expenditures	**312,060**	**312,260**	**312,060**
Excess Revenues over Expenditures	**(137,060)**	**(260)**	**(60)**
Ending Fund Balance	**$ 12,316**	**$ 12,056**	**$ 11,996**

City of Sherman
2009A CO DEBT SERVICE FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 1,320**	**$ 3,407**	**$ 58,798**
Revenues			
Property Tax Revenues	245,000	244,000	190,000
Transfer In	-	55,804	-
Total Revenues	**245,000**	**299,804**	**190,000**
Total Funds Available	**246,320**	**303,211**	**248,798**
Expenditures			
Debt Service	242,413	243,663	244,763
Agent Fees	500	750	750
Total Expenditures	**242,913**	**244,413**	**245,513**
Excess Revenues over Expenditures	**2,087**	**55,391**	**(55,513)**
Ending Fund Balance	**$ 3,407**	**$ 58,798**	**$ 3,285**

City of Sherman
POLICE PROGRAMS FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 149,145**	**$ 45,624**	**$ 33,702**
Revenues			
E 9-1-1 Service Fees	268,309	280,000	280,000
Security and Technology Fees	46,980	26,500	35,000
Interest	172	50	50
Total Revenues	**315,461**	**306,550**	**315,050**
Total Funds Available	**464,606**	**352,174**	**348,752**
Expenditures			
Personnel	110,735	107,762	107,277
Supplies	60,510	11,894	10,950
Maintenance/Repairs	157,878	101,225	109,913
Contractual Payments	89,859	97,591	111,020
Total Expenditures	**418,982**	**318,472**	**339,160**
Excess Revenues over Expenditures	**(103,521)**	**(11,922)**	**(24,110)**
Ending Fund Balance	**$ 45,624**	**$ 33,702**	**$ 9,592**

City of Sherman
PARKS PRIDE FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 17,461**	**$ 19,286**	**$ 19,321**
Revenues			
PRIDE Donations	10,155	10,000	10,000
Interest Income	41	35	35
Total Revenues	**10,196**	**10,035**	**10,035**
Total Funds Available	**27,657**	**29,321**	**29,356**
Expenditures			
Park Improvements	**8,371**	**10,000**	**29,000**
Excess Revenues over Expenditures	**1,825**	**35**	**(18,965)**
Ending Fund Balance	**$ 19,286**	**$ 19,321**	**$ 356**

City of Sherman
POLICE PRIDE FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 17,073**	**$ 10,554**	**$ 1,079**
Revenues			
PRIDE Donations	10,155	10,000	10,000
Interest Income	32	25	25
Total Revenues	**10,187**	**10,025**	**10,025**
Total Funds Available	**27,260**	**20,579**	**11,104**
Expenditures			
Supplies	9,857	2,000	4,000
Travel/Tuition	5,418	4,000	3,000
Contractual Services	1,431	2,000	3,800
Canine Replacement Dog	-	11,500	-
Total Expenditures	**16,706**	**19,500**	**10,800**
Excess Revenues over Expenditures	**(6,519)**	**(9,475)**	**(775)**
Ending Fund Balance	**$ 10,554**	**$ 1,079**	**$ 304**

City of Sherman
DONATIONS FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 2,245**	**$ 3,642**	**$ 2,650**
Revenues			
Donations	3,491	5,000	5,000
Interest Income	3	8	5
Total Revenues	**3,494**	**5,008**	**5,005**
Total Funds Available	**5,739**	**8,650**	**7,655**
Expenditures			
Supplies	**2,097**	**6,000**	**7,500**
Excess Revenues over Expenditures	**1,397**	**(992)**	**(2,495)**
Ending Fund Balance	**$ 3,642**	**$ 2,650**	**$ 155**

City of Sherman
HOTEL/MOTEL TAX FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 163,963**	**$ 204,842**	**$ 364,184**
Revenues			
Hotel/Motel Tax 5%	378,347	451,000	397,300
Hotel/Motel Tax 2%	151,339	180,400	158,900
Penalties	3,305	200	-
Miscellaneous	1,372	400	-
Interest	51	200	200
Program/Sponsor Fees	35,736	23,850	20,000
Auditorium/Ballroom Rental	28,378	33,000	24,500
Total Revenues	**598,528**	**689,050**	**600,900**
Total Funds Available	**762,491**	**893,892**	**965,084**
Expenditures:			
Tourism			
Chamber/CVB contract	-	-	240,000
Administration	75,912	122,578	48,166
Programs	138,146	111,000	
Downtown Building Incentive	-	15,000	40,000
Museum Support	82,500	70,000	
Arts Council	36,000	-	-
Ballroom:			
Total Ballroom:	72,307	66,149	73,423
Auditorium:			
Total Auditorium	25,084	29,981	54,375
Transfer to General Fund, admin	12,700	-	-
Transfer to Auditorium Debt Service	115,000	115,000	114,000
Total Expenditures	**557,649**	**529,708**	**569,964**
Excess Revenues over Expenditures	**40,879**	**159,342**	**30,936**
Ending Fund Balance	**$ 204,842**	**$ 364,184**	**$ 395,120**

City of Sherman
DRUG ENFORCEMENT FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 50,327**	**$ 145,097**	**$ 6,923**
Revenues			
Police Confiscated Funds	208,151	150,000	150,000
Interest Income	225	300	300
Total Revenues	**208,376**	**150,300**	**150,300**
Total Funds Available	**258,703**	**295,397**	**157,223**
Expenditures			
Supplies	61,552	45,930	85,569
Maintenance and Repair	38	29,000	27,000
Contractual Services	206	72,962	2,000
Travel & Tuition	7,645	20,000	25,500
Equipment	44,165	120,582	16,500
Total Expenditures	**113,606**	**288,474**	**156,569**
Excess Revenues over Expenditures	**94,770**	**(138,174)**	**(6,269)**
Ending Fund Balance	**$ 145,097**	**$ 6,923**	**$ 654**

City of Sherman
MUNICIPAL AIRPORT FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 121,065**	**$ 118,818**	**$ 116,294**
Revenues			
Interest Income	255	200	200
Airport Rentals	48,270	49,000	49,000
Fuel Sales	500,880	475,000	470,000
Miscellaneous	1,288	100	-
Total Revenues	**550,693**	**524,300**	**519,200**
Total Funds Available	**671,758**	**643,118**	**635,494**
Expenditures			
Fuel Purchases	495,486	448,000	430,000
Supplies	231	1,410	920
Maintenance	3,714	23,000	23,000
Contractual Services	36,394	37,074	44,770
Utilities	14,995	15,900	16,250
Vehicle Usage	2,120	1,440	3,500
Total Expenditures	**552,940**	**526,824**	**518,440**
Excess Revenues over Expenditures	**(2,247)**	**(2,524)**	**760**
Ending Fund Balance	**$ 118,818**	**$ 116,294**	**$ 117,054**

City of Sherman
INFORMATION TECHNOLOGY FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 104,989**	**$ 102,824**	**$ 90,458**
Revenues			
Technology Services:			
General Fund	469,156	452,080	553,090
Tourism	1,725	1,470	1,000
Equipment Services Fund	8,624	8,810	10,250
Utility Fund	68,994	61,690	90,170
Solid Waste Fund	10,349	11,750	14,350
Interest Earned	29	15	15
Miscellaneous Revenue	612	17	-
Total Revenues	**559,489**	**535,832**	**668,875**
Total Funds Available	**664,478**	**638,656**	**759,333**
Expenditures			
Personnel	298,212	327,203	351,184
Supplies	21,770	25,308	41,625
Maintenance & Repairs	165,700	97,075	102,414
Utilities	48,559	51,560	53,360
Contract Wages	168	20,000	6,000
Contractual Services & Other	10,891	14,660	19,015
Equipment	16,354	12,392	95,261
Total Expenditures	**561,654**	**548,198**	**668,859**
Excess Revenues over Expenditures	**(2,165)**	**(12,366)**	**16**
Ending Fund Balance	**$ 102,824**	**$ 90,458**	**$ 90,474**

City of Sherman
EQUIPMENT SERVICES FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	**$ 104,050**	**$ 67,126**	**$ 50,341**
Revenues			
Equipment Service Revenue:			
General Fund	1,323,495	1,414,329	1,500,840
Airport Fund	2,120	1,440	3,500
Utility Fund	263,691	262,753	344,390
Solid Waste Fund	1,037,660	991,929	995,510
Miscellaneous Revenue	10,696	1,700	-
Total Revenues	**2,637,662**	**2,672,151**	**2,844,240**
Total Funds Available	**2,741,712**	**2,739,277**	**2,894,581**
Expenditures			
Personnel	695,074	748,178	761,000
Supplies	1,028,864	1,069,107	1,135,385
Maintenance & Repair	707,785	637,625	690,134
Utilities	32,562	35,860	35,250
Technology Services	8,624	8,810	10,250
Contractual Services	157,110	170,409	187,220
Equipment	44,567	18,947	25,000
Total Expenditures	**2,674,586**	**2,688,936**	**2,844,239**
Excess Revenues over Expenditures	**(36,924)**	**(16,785)**	**1**
Ending Fund Balance	**$ 67,126**	**$ 50,341**	**$ 50,342**

City of Sherman
FLEET REPLACEMENT FUND
2014 -2015 Annual Budget

	Actual 2012-2013	Budget 2013-2014	Projected 2014-2015	Draft 2014-2015
Beginning Fund Balance	**$ 362,475**	**$ 153,562**	**$ 150,789**	**$ 142,068**
Revenues				
Transfers-In for Debt Serv	220,228	220,228	220,228	220,228
Transfer In for Equip Purchase	1,500,189	1,331,091	1,334,091	2,329,545
Interest	65	400	500	500
Miscellaneous	1,829	-	-	-
Total Revenues	**1,722,311**	**1,551,719**	**1,554,819**	**2,550,273**
Total Funds Available	**2,084,786**	**1,705,281**	**1,705,608**	**2,692,341**
Expenditures				
Debt Service	220,228	220,228	220,228	220,229
Equipment-General Fund	941,980	668,847	680,450	863,386
Equipment-Utility Fund	135,668	40,000	41,389	308,680
Equipment-Solid Waste Fund	636,121	622,244	621,473	1,157,478
Total Expenditures	**1,933,997**	**1,551,319**	**1,563,540**	**2,549,773**
Excess Revenues over Expenditures	**(211,686)**	**400**	**(8,721)**	**500**
Ending Fund Balance	**$ 150,789**	**$ 153,962**	**$ 142,068**	**$ 142,568**

City of Sherman
WATER CONSUMER DEPOSITS
2014 -2015 Annual Budget

	Actual 2012-2013	Projected 2013-2014	Draft 2014-2015
Beginning Fund Balance	$ 238,084	239,239	240,439
Revenues			
Interest Income	1,155	1,200	1,200
Total Funds Available	239,239	240,439	241,639
Expenditures			
Miscellaneous	-	-	-
Ending Fund Balance	$ 239,239	$ 240,439	$ 241,639

City of Sherman
PRO RATA FUND
2014 -2015 Annual Budget

		Actual 2012-2013		Projected 2013-2014		Draft 2014-2015
Beginning Fund Balance	**$**	**189,881**	**$**	**194,697**	**$**	**210,147**
Revenues						
Interest Income		316		15,000		10,000
Pro Rata Fees		4,500		450		500
Total Revenues		**4,816**		**15,450**		**10,500**
Total Funds Available		**194,697**		**210,147**		**220,647**
Expenditures						
Miscellaneous		**-**		**-**		**15,000**
Excess Revenues over Expenditures		**4,816**		**15,450**		**10,500**
Ending Fund Balance	**$**	**194,697**	**$**	**210,147**	**$**	**205,647**

TRANSFERS SCHEDULE

FUND	DETAILS	BUDGETED FY14/15 Expense TRANSFER FROM Debit	BUDGETED FY14/15 Revenue TRANSFER TO Credit
100	From fund 700 5% franchise, admin cost		$ 1,747,000.00
	From fund 700 other		$ 1,100,000.00
	From fund 790, dept 243, 244, 245		$ 639,000.00
	To fund 222 for CIP	$ 1,900,000.00	
	To fund 660 for debt service	$ 220,228.00	
	To fund 660 for equipment purchases	$ 863,386.00	
222	From fund 100		$ 1,900,000.00
310	From fund 460		$ 114,000.00
460	To fund 310	$ 114,000.00	
660	From fund 100, debt service		$ 220,228.00
	From fund 100, equipment purchase		$ 863,386.00
	From fund 700, equipment purchase		$ 308,680.00
	From fund 790, equipment purchase		$ 1,157,478.00
700	To fund 100 5% franchise, admin cost	$ 1,747,000.00	
	To fund 100, other	$ 1,100,000.00	
	To fund 770	$ 350,000.00	
	From fund 790, admin cost		$ 153,100.00
	To fund 660 for equipment purchase	$ 308,680.00	
770	From fund 700		$ 350,000.00
790	To fund 100 8% franchise, admin cost RSW	$ 244,000.00	
790	To fund 700 admin cost RSW	$ 58,400.00	
790	To fund 100 8% franchise, admin cost CSW	$ 357,000.00	
790	To fund 700 admin cost CSW	$ 85,600.00	
790	To fund 100 8% franchise, admin cost Recycle	$ 38,000.00	
790	To fund 700 admin cost Recycle	$ 9,100.00	
790	To fund 660, equipment purchase	$ 1,157,478.00	
	TOTALS	$ 8,552,872.00	$ 8,552,872.00

City of Sherman

Property Tax Historical Summary

Fiscal Year	Estimated Taxable Value (in 000)	Tax Levy (in 000)	Total Collections (in 000)	Property Tax Rate (per $100)
2004	$ 1,515,989	$ 6,064	$ 5,912	$ 0.400
2005	$ 1,590,950	$ 6,364	$ 6,258	$ 0.400
2006	$ 1,735,457	$ 6,942	$ 6,802	$ 0.400
2007	$ 1,886,876	$ 7,548	$ 7,513	$ 0.400
2008	$ 1,979,001	$ 7,921	$ 7,741	$ 0.400
2009	$ 2,072,868	$ 6,633	$ 6,587	$ 0.320
2010	$ 2,187,663	$ 7,001	$ 6,874	$ 0.320
2011	$ 2,195,729	$ 7,026	$ 6,923	$ 0.320
2012	$ 2,201,611	$ 7,045	$ 6,918	$ 0.320
2013	$ 2,268,236	$ 7,258	$ 7,139	$ 0.320
2014 (est)	$ 2,257,117	$ 7,855	$ 7,751	$ 0.348

City of Sherman

Bonded Debt as of 7/31/14

	(1)				(2)			
	$2,840,000 Combination Tax & Tax Increment Revenue 2004 Series TIF Zone#1, Certificates of Obligation				***$1,605,000 General Obligation Refunding, Series 2006***			
Fiscal Yr	**Coupon**	**Principal**	**Interest**	**TOTAL**	**Coupon**	**Principal**	**Interest**	**TOTAL**
2015	4.44%	160,000.00	79,032.00	239,032.00	3.75%	60,000.00	53,337.50	113,337.50
2016	4.44%	170,000.00	71,928.00	241,928.00	3.75%	60,000.00	51,087.50	111,087.50
2017	4.44%	180,000.00	64,380.00	244,380.00	3.75%	65,000.00	48,743.75	113,743.75
2018	4.44%	185,000.00	56,388.00	241,388.00	3.75%	70,000.00	46,212.50	116,212.50
2019	4.44%	195,000.00	48,174.00	243,174.00	4.00%	70,000.00	43,500.00	113,500.00
2020	4.44%	205,000.00	39,516.00	244,516.00	4.00%	75,000.00	40,600.00	115,600.00
2021	4.44%	215,000.00	30,414.00	245,414.00	4.00%	80,000.00	37,500.00	117,500.00
2022	4.44%	230,000.00	20,868.00	250,868.00	4.00%	80,000.00	34,300.00	114,300.00
2023	4.44%	240,000.00	10,656.00	250,656.00	4.00%	85,000.00	31,000.00	116,000.00
2024		-	-	-	4.00%	85,000.00	27,600.00	112,600.00
2025		-	-	-	4.25%	85,000.00	24,093.75	109,093.75
2026		-	-	-	4.25%	95,000.00	20,268.75	115,268.75
2027		-	-	-	4.25%	100,000.00	16,125.00	116,125.00
2028		-	-	-	4.375%	100,000.00	11,812.50	111,812.50
2029		-	-	-	4.375%	105,000.00	7,328.13	112,328.13
2030		-	-	-	4.375%	115,000.00	2,515.63	117,515.63
		1,780,000.00	421,356.00	2,201,356.00		1,330,000.00	496,025.01	1,826,025.01

(1) These bonds were issued in 2004 to provide funding for infrastructure development for Sherman Town Center. Debt service is financed through tax increment property tax revenues.

(2) These bonds were issued in 2006 to partially refund the 2000 Series Auditorium/Ballroom restoration bonds.

City of Sherman

Bonded Debt as of 7/31/14

	(3)				(4)			
	$5,000,000 2008 Series Revenue Certificates of Obligation				***$4,100,000 Capital Improvement Fund Projects 2009 Series Revenue Certificates of Obligation***			
Fiscal Yr	**Coupon**	**Principal**	**Interest**	**TOTAL**	**Coupon**	**Principal**	**Interest**	**TOTAL**
2015	3.62%	215,000.00	142,356.50	357,356.50	3.98%	178,333.00	132,977.00	311,310.00
2016	3.62%	225,000.00	134,392.50	359,392.50	3.98%	180,000.00	127,627.00	307,627.00
2017	3.62%	235,000.00	126,066.50	361,066.50	3.98%	185,000.00	121,327.00	306,327.00
2018	3.62%	245,000.00	117,378.50	362,378.50	3.98%	191,667.00	114,852.00	306,519.00
2019	3.62%	255,000.00	108,328.50	363,328.50	3.98%	196,667.00	107,665.00	304,332.00
2020	3.62%	265,000.00	98,916.50	363,916.50	3.98%	208,333.00	99,799.00	308,132.00
2021	3.62%	280,000.00	89,052.00	369,052.00	3.98%	213,333.00	91,465.00	304,798.00
2022	3.62%	290,000.00	78,735.00	368,735.00	3.98%	225,000.00	82,932.00	307,932.00
2023	3.62%	305,000.00	67,965.50	372,965.50	3.98%	231,667.00	73,932.00	305,599.00
2024	3.62%	315,000.00	56,743.50	371,743.50	3.98%	241,667.00	64,665.00	306,332.00
2025	3.62%	330,000.00	45,069.00	375,069.00	3.98%	253,333.00	54,696.00	308,029.00
2026	3.62%	345,000.00	32,851.50	377,851.50	3.98%	265,000.00	44,246.00	309,246.00
2027	3.62%	360,000.00	20,091.00	380,091.00	3.98%	240,000.00	32,851.00	272,851.00
2028	3.62%	375,000.00	13,575.00	388,575.00	3.98%	250,000.00	22,531.00	272,531.00
2029		-	-	-	3.98%	265,000.00	11,594.00	276,594.00
2030		-	-	-		-	-	-
		4,040,000.00	1,131,521.50	5,171,521.50		3,325,000.00	1,183,159.00	4,508,159.00

(3) These bonds were issued in 2008 to provide funding for park and street development and improvements.

(4) These bonds were issued in the spring of 2009 to provide funding for park and street development and improvements

City of Sherman

Bonded Debt as of 7/31/14

	(5)				(6)			
	$900,000				***$3,500,000***			
	TIF #1				***Capital Improvement Fund Projects***			
	2009 Series Revenue Certificates of Obligation				***2009A Series Revenue Certificates of Obligation***			
Fiscal Yr	**Coupon**	**Principal**	**Interest**	**TOTAL**	**Coupon**	**Principal**	**Interest**	**TOTAL**
2015	3.00%	46,666.67	26,872.49	73,539.16	3.00%	135,000.00	109,762.50	244,762.50
2016	3.50%	50,000.00	25,472.49	75,472.49	3.00%	145,000.00	105,712.50	250,712.50
2017	3.50%	50,000.00	23,722.49	73,722.49	3.25%	150,000.00	101,362.50	251,362.50
2018	3.75%	53,333.33	21,972.49	75,305.83	3.50%	155,000.00	96,487.50	251,487.50
2019	4.00%	53,333.33	19,972.49	73,305.83	3.50%	165,000.00	91,062.50	256,062.50
2020	4.00%	56,666.67	17,839.16	74,505.83	3.50%	170,000.00	85,287.50	255,287.50
2021	4.00%	56,666.67	15,572.49	72,239.16	3.75%	180,000.00	79,337.50	259,337.50
2022	4.00%	60,000.00	13,305.83	73,305.83	3.75%	190,000.00	72,587.50	262,587.50
2023	4.00%	63,333.33	10,905.83	74,239.16	4.00%	200,000.00	65,462.50	265,462.50
2024	4.13%	63,333.33	8,372.49	71,705.83	4.00%	210,000.00	57,462.50	267,462.50
2025	4.13%	66,666.67	5,760.00	72,426.67	4.00%	215,000.00	49,062.50	264,062.50
2026	4.30%	70,000.00	3,010.00	73,010.00	4.00%	230,000.00	40,462.50	270,462.50
2027		-	-	-	4.125%	240,000.00	31,262.50	271,262.50
2028		-	-	-	4.125%	250,000.00	21,362.50	271,362.50
2029		-	-	-	4.25%	260,000.00	11,050.00	271,050.00
2030		-	-	-		-	-	-
		690,000.00	192,778.27	882,778.27		2,895,000.00	1,017,725.00	3,912,725.00

(5) These bonds were issued in 2009 to fund infrastructure in the Town Center TIF Zone.

(6) These bonds were issued in the fall of 2009 to provide funding for park and street development and improvements.

City of Sherman

Bonded Debt as of 7/31/14

	TOTALS		
Fiscal Yr	Principal	Interest	TOTAL
2015	794,999.67	544,337.99	1,339,337.66
2016	830,000.00	516,219.99	1,346,219.99
2017	865,000.00	485,602.24	1,350,602.24
2018	900,000.33	453,290.99	1,353,291.33
2019	935,000.33	418,702.49	1,353,702.83
2020	979,999.67	381,958.16	1,361,957.83
2021	1,024,999.67	343,340.99	1,368,340.66
2022	1,075,000.00	302,728.33	1,377,728.33
2023	1,125,000.33	259,921.83	1,384,922.16
2024	915,000.33	214,843.49	1,129,843.83
2025	949,999.67	178,681.25	1,128,680.92
2026	1,005,000.00	140,838.75	1,145,838.75
2027	940,000.00	100,329.50	1,040,329.50
2028	975,000.00	69,281.00	1,044,281.00
2029	630,000.00	29,972.13	659,972.13
2030	115,000.00	2,515.63	117,515.63
	14,060,000.00	4,442,564.78	18,502,564.78

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No.** **E. 3.**

Meeting Date: 07/21/2014

Prepared By: Robby Hefton, Assistant City Manager/CFO

Approved By: George Olson, City Manager

Caption:

OTHER BUSINESS

Discussion of the Proposed Tax Rate for Fiscal Year 2014-2015 and Scheduling Public Hearings for the Budget and Proposed Tax Rate

Issue:

Discussing the tax rate for the upcoming fiscal year (FY) and scheduled required public hearing dates for the budget and proposed tax rate

Background:

Because more property tax revenues will be generated in the upcoming fiscal year, compared to the current year, and because the proposed tax rate of $.372/$100 exceeds the lower of the expected rollback or effective tax rates, a series of public hearings must be held, and the Council must vote to place a proposal to increase taxes at future Council meetings. Accordingly, attached is a schedule that outlines the applicable requirements for public hearings and adoption of the Budget and Tax Rate Ordinances. In summary, the required Council action is as follows:

- August 4th: Introduction and First Public Hearing of Budget Ordinance
- August 18th: Second Public Hearing and Adoption of Budget Ordinance; Introduction and First Public Hearing on Tax Rate Ordinance
- September 2nd: Second Public Hearing on Tax Rate Ordinance
- September 15th: Adoption of the Tax Rate Ordinance

Origination:

Finance

Financial Consideration:

Failure to follow the law allows a taxpayer to sue in district court to stop the City of Sherman from adopting a tax rate until it complies with the law.

Staff Recommendation:

The staff recommends following the schedule shown above, which meets the requirements of State law.

The following wording should be used in the motion to set the public hearings included above, **"I move to propose a tax rate of thirty-seven point two cents per hundred valuation for the upcoming budget year and to set public hearings on this proposal as presented".**

Alternatives:

As these requirements are set by State law, no alternatives can be offered.

Attachments

Approved Budget Calendar for FY 2014-2015

APPROVED BUDGET CALENDAR
FISCAL YEAR 2014-2015

Financial Update	March 26, 2014
Budget Planning Meeting with City Council	April 18, 2014
Budget Workshop*	June 18-19, 2014

Present Draft Budget to Council	July 21, 2014
Introduce Budget Ordinance	August 4, 2014
Final Action on Budget Ordinance Introduce Tax Rate Ordinance	August 18, 2014
Final Action on Tax Rate Ordinance	September 2, 2014

Notes:

Meeting times to be confirmed after the Budget Calendar is approved.

It is recommended that the Budget Planning Meeting and the Budget Workshop be held in the City Council Chambers.

* This is expected to be a one-day Workshop; but an additional day is scheduled as a placeholder in case more time is needed.

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. E. 4.**

Meeting Date: 07/21/2014

Prepared By: Robby Hefton, Assistant City Manager/CFO

Approved By: George Olson, City Manager

Caption:

**** OTHER BUSINESS***

Approve Quarterly Investment Report for Quarter Ended June 30, 2014

Issue:

To approve the Investment Report for the quarterly period ending June 30, 2014

Background:

This report is being presented in accordance with the state law that requires at least quarterly presentation to the Council. The report was given to the Investment Committee prior to submittal to the Council.

As of June 30 2014, the portfolio was in compliance with applicable state laws and the Investment Policy. The Operating investment portfolio had a book value of about $15.5 million, a decrease of about $1.3 million from prior quarter of $16.8 million, due to seasonally slowing property tax collections during this period. This portfolio is appropriately liquid; and its weighted-average maturity was about 442 days, up from 425 days last period, because of securities purchased during the quarter. The portfolio yield of 0.42% for the quarter is higher than the benchmark yield of 0.11%. The portfolio value on the City's books is essentially equal to the market value of the overall portfolio.

Origination:

Finance

Financial Consideration:

None

Staff Recommendation:

It is recommended that the Council accept the report as presented.

Alternatives:

The Council could offer suggestions for improvement or could request more frequent reporting.

Attachments

Memo to Investment Committee

Investment Report for Quarter Ended June 30, 2014

Sherman
CLASSIC TOWN. BROAD HORIZON.

memorandum

DATE: Monday, July 14, 2014

TO: The City of Sherman Investment Committee
Councilman Jason Sofey
Councilman Tom Watt

CC: George Olson, City Manager

FROM: Robby Hefton, Assistant City Manager/CFO RH

SUBJECT: Investment Report for Quarter Ended June 30, 2014

Enclosed is a copy of the quarterly investment report for the quarter ended June 30, 2014. As of that date, the City was in compliance with all applicable state laws and internal policies for the portfolio.

The total operating portfolio balance of about \$15.5 million decreased by about \$1.3 million during the quarter, compared to the balance at March 31, 2014 of \$16.8 million, because of seasonally slowing property tax collections during this period. The underlying investments were adequately diversified among six different types of securities. The portfolio had a weighted-average maturity of about 442 days, up from 425 days last quarter, because of securities purchased during the quarter. The portfolio yield of 0.42% was higher than our benchmark 1-year Constant Maturity Treasury Index of 0.11%. Book value closely approximated market value.

This investment report will be on the July 21, 2014 City Council agenda for their review and approval. Please call me if you have any questions about this item.

RH:pc

attachment (as stated above)

CITY OF SHERMAN, TEXAS
INVESTMENT PORTFOLIO SUMMARY
For the Quarter Ending June 30, 2014

Total Portfolio Summary

	Current Quarter 6/30/14	Prior Quarter 3/31/2014	Change From Prior Qtr
Book Value	$ 15,541,031	$ 16,816,922	$ (1,275,891)
Market Value	$ 15,552,572	$ 16,810,789	$ (1,258,217)
Weighted Average Maturity - Days	442	425	17
Weighted Average Yield	0.420%	0.420%	0.000%
Earned Income	$ 17,392	$ 17,905	$ (513)
Earned Income - Year-to-Date	$ 47,885	$ 30,493	$ 17,392

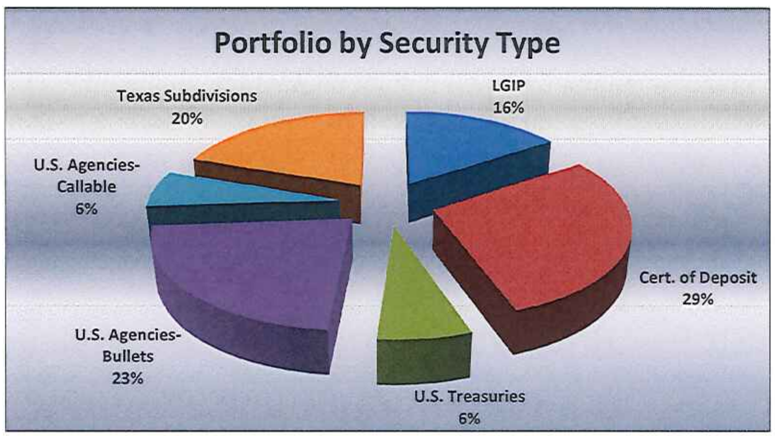
This report complies with the requirements of the public funds investment law and covers all the funds of the City of Sherman that are subject to that law.

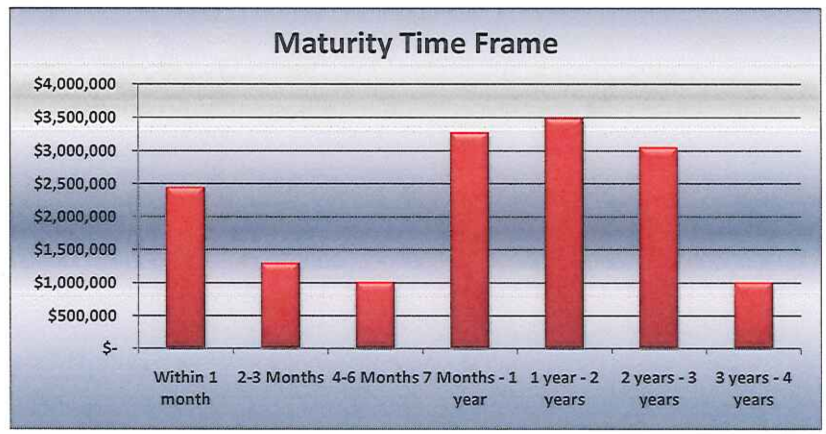
As June 30, 2014, the City's portfolio had a book value of $15.5 million, which approximates the market value. Of this amount , $2.4 million was held in Local Government Investment Pools (LGIP), $4.5 million was held in Certificates of Deposit (CD), $4.5 million was held in U.S. Agency Securities, $1.0 million was held in a U.S. Treasury, and $3.1 million was held in State of Texas political subdivision obligations.

The portfolio value decreased by $1.3 milllion over the previous quarter due primarily to the seasonal decrease in the collection of property taxes.

The weighted average yield on the portfolio was .42%, 31 basis points above the 1-year Constant Maturity Treasury Index of .11% and unchanged from the previous quarter.

The weighted average maturity of the portfolio increased from 425 days at March 31, 2014 to 442 days at June 30, 2014 due to purchases during the quarter.





Robby Hefton

Robby Hefton, Assistant City Manager/CFO and City of Sherman Investment Officer

Mary Lawrence

Mary Lawrence, Controller and City of Sherman Investment Officer

Sherman
CLASSIC TOWN. BROAD HORIZON.

CITY OF SHERMAN, TX
Investments Outstanding
AS of 6/30/2014

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	S&P Rating	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	YTM
Tex-Pool		LGIP	TexPool			AAAm	$ 1,058,424	100.00	$ 1,058,424	$ 1,058,424	100.00	$ 1,058,425	1	0.03%
TexStar		LGIP	TexSTAR			AAAm	1,382,894	100.00	1,382,894	1,382,894	100.00	$ 1,382,894	1	0.03%
CD 4176803858	1/28/2013	CD	Landmark Bank	0.35%	9/28/2014		1,000,000	100.00	1,000,000	1,004,371	100.00	1,004,371	276	0.35%
CD 4176804229	12/5/2013	CD	Landmark Bank	0.30%	12/5/2014		1,000,000	100.00	1,000,000	1,001,496	100.00	1,001,496	90	0.30%
CD 4176804435	4/2/2014	CD	Landmark Bank	0.28%	4/2/2015		1,000,000	100.00	1,000,000	1,000,000	100.00	1,000,000	158	0.28%
CD 4176804278	1/14/2014	CD	Landmark Bank	0.30%	7/14/2015		1,000,000	100.00	1,000,000	1,000,740	100.00	1,000,740	379	0.30%
CD 4176804344	2/20/2014	CD	Landmark Bank	0.50%	10/20/2016		500,000	100.00	500,000	500,610	100.00	500,610	843	0.50%
052396B23	10/5/2011	Texas Subdivision	Austin, TX CO	3.00%	9/1/2014	AA+	285,000	107.12	305,286	287,942	99.44	286,331	63	0.53%
590741X33	6/19/2013	Texas Subdivision	Mesquite, TX	2.00%	2/15/2015	AA	140,000	102.50	143,504	141,332	100.05	141,401	230	0.48%
590741V76	10/5/2011	Texas Subdivision	Mesquite, TX	2.00%	2/15/2015	AA	115,000	102.50	117,878	116,094	100.05	116,151	230	0.48%
3135GOHG1	2/23/2012	Agency Bullet	FNMA	0.38%	3/16/2015	AAA	1,000,000	99.33	993,250	998,435	100.33	1,001,709	259	0.60%
912828NLO	1/6/2012	US Treasury	Treasury Note	1.88%	6/30/2015	AA+	1,000,000	104.66	1,046,641	1,013,394	100.37	1,017,188	365	0.52%
313371VFO	3/11/2013	Agency Bullet	FHLB	1.63%	12/11/2015	AA+	1,000,000	103.23	1,032,320	1,017,012	100.19	1,018,918	529	0.44%
667825RN5	5/23/2013	Texas Subdivision	Northwest ISD	4.60%	2/15/2016	Aaa	350,000	110.88	388,087	372,868	100.53	374,843	595	0.55%
129703EQ3	2/1/2014	Texas Subdivision	CALHN CNTY TX ISI	3.00%	2/15/2016	AAA	500,000	105.19	525,955	521,280	100.17	522,170	595	0.38%
914729JM1	5/23/2013	Texas Subdivision	UNT	4.50%	4/15/2016	Aa2	250,000	111.26	278,153	267,545	100.14	267,915	655	0.55%
54810C6X3	5/23/2013	Texas Subdivision	LCRA	5.00%	5/15/2016	A	290,000	112.86	327,300	313,592	100.18	314,157	685	0.61%
796456DW8	2/14/2013	Texas Subdivision	St Augustine ISD	1.00%	8/15/2016	AAA	500,000	101.21	506,050	503,678	100.31	505,255	777	0.65%
3134G4WJ3	3/19/2014	Agency Callable	FHLMC	0.63%	9/19/2016	AA+	1,000,000	100.00	1,000,000	1,000,000	100.06	1,000,646	812	0.56%
129703ER1	2/1/2014	Texas Subdivision	CALHN CNTY TX ISI	3.00%	2/15/2017	AAA	500,000	107.20	535,985	531,643	100.10	532,185	961	0.57%
3130A1LJ5	4/28/2014	Agency Bullet	FHLB	1.63%	4/28/2017	AA+	500,000	101.02	505,855	505,518	100.00	505,530	1,033	0.45%
3130AOWJ5	3/6/2014	Agency Bullet	FHLB	1.02%	8/7/2017	AA+	1,000,000	100.24	1,003,178	1,002,164	99.75	999,638	1,134	0.95%
Total							**$ 15,371,318**		**$ 15,650,760**	**$ 15,541,031**		**$ 15,552,572**		

Sherman
CLASSIC TOWN. BROAD HORIZON.

CITY OF SHERMAN, TX
Market Value Summary
AS of 6/30/2014

CUSIP	Settle Date	Sec. Description	Mty Date	Market Value 3/31/2014	Change in Market Value	Market Value 6/30/2014
Tex-Pool		TexPool		$ 1,558,477	$ (500,052)	$ 1,058,425
TexStar		TexSTAR		1,382,864	30	1,382,894
CD 1013674007	4/5/2012	CDARS	4/3/2014	1,008,991	(1,008,991)	-
CD 4176803858	$41,302	Landmark Bank	9/28/2014	1,003,505	866	1,004,371
CD 4176804229	12/5/2013	Landmark Bank	12/5/2014	1,000,740	756	1,001,496
CD 4176804435	4/2/2014	Landmark Bank	4/2/2015	-	1,000,000	1,000,000
CD 4176804278	1/14/2014	Landmark Bank	7/14/2015	1,000,000	740	1,000,740
CD 476804344	2/20/2014	Landmark Bank	10/20/2016	500,000	610	500,610
31328X25JO	2/2/2012	FHLMC	4/2/2014	1,250,155	(1,250,155)	-
052396B23	10/5/2011	Austin, TX CO	9/1/2014	288,360	(2,029)	286,331
590741X33	6/19/2013	Mesquite, TX	2/15/2015	141,856	(455)	141,401
590741V76	10/5/2011	Mesquite, TX	2/15/2015	116,525	(374)	116,151
3135GOHG1	2/23/2012	FNMA	3/16/2015	1,002,011	(302)	1,001,709
912828NLO	1/6/2012	Treasury Note	6/30/2015	1,021,133	(3,945)	1,017,188
313371VFO	3/11/2013	FHLB	12/11/2015	1,020,672	(1,754)	1,018,918
667825RN5	5/23/2013	Northwest ISD	2/15/2016	377,650	(2,807)	374,843
129703EQ3	2/1/2014	Calhound Cnty TX ISI	2/15/2016	524,340		522,170
914729JM1	5/23/2013	Univ of N. Texas	4/15/2016	269,793	(1,878)	267,915
54810C6X3	5/23/2013	LCRA	5/15/2016	316,410	(2,253)	314,157
796456DW8	2/14/2013	St Augustine ISD	8/15/2016	504,645	610	505,255
3134G4WJ3	3/19/2014	FHLMC	9/19/2016	998,598	2,048	1,000,646
129703ER1	2/15/2017	Calhoun Cnty TX ISD	2/15/2017	531,695	490	532,185
3130A1LJ5	4/28/2014	FHLB	4/28/2017	-	505,530	505,530
3130AOWJ5	3/6/2014	FHLB	8/7/2017	992,369	7,269	999,638
Total				**$ 16,810,789**	**$ (1,256,047)**	**$ 15,552,572**

Sherman
CLASSIC TOWN. BROAD HORIZON.

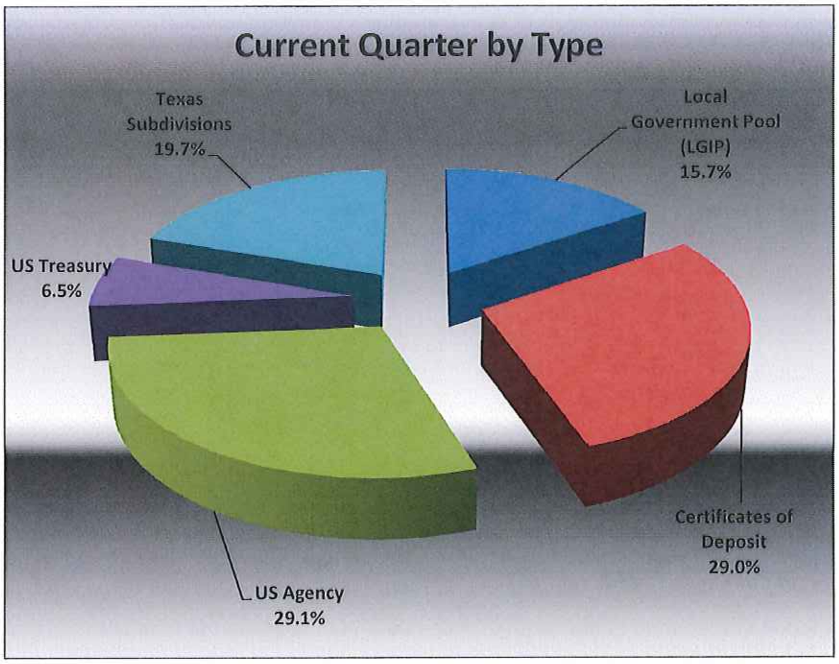
CITY OF SHERMAN, TX
Investment Transaction Report
AS of 6/30/2014

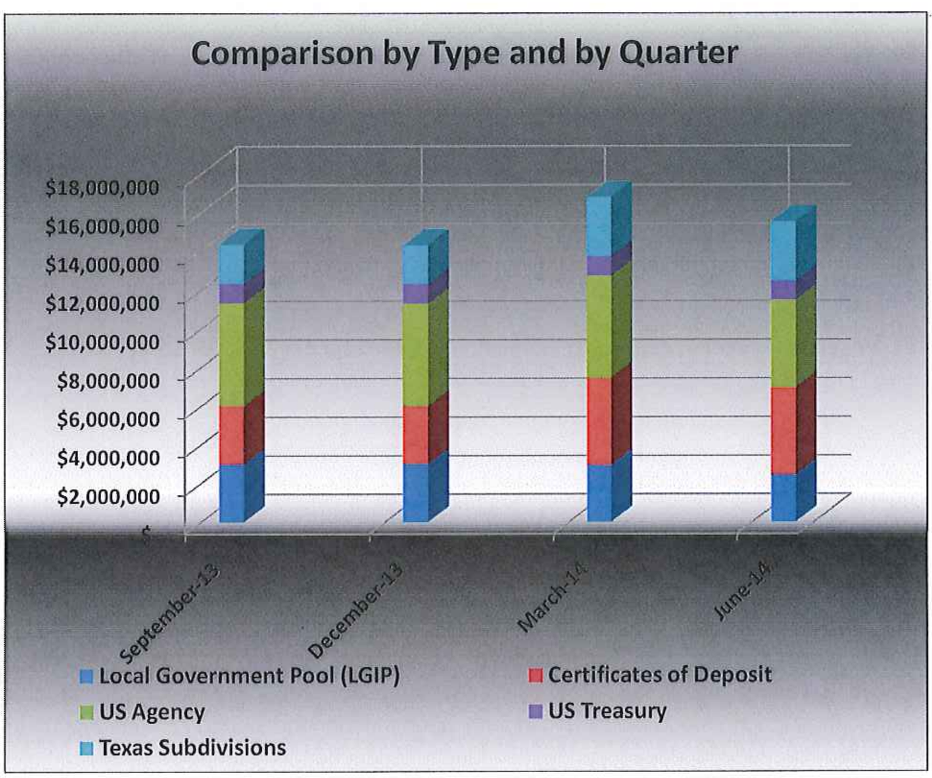
Trade Date	Settle Date	CUSIP	Security Description	Coupon	Mty Date	Call Date	Par Value	Principal Amount	Interest Purchased/ Received	Total Amount	YTM
Maturities											
	4/2/2014	31328X25JO	FHLMC	4.60%	4/2/2014		$ 1,250,000	$ 1,250,000	$ 28,750	$ 1,278,750	0.36%
	4/3/2014	CD 1013674007	CDARS	0.45%	4/3/2014		1,000,000	1,008,991	25	1,009,016	0.45%
Purchases											
	4/2/2014	CD 4176804435	Landmark Bank	0.28%	4/2/2015		1,000,000	1,000,000	-	1,000,000	0.28%
	4/28/2014	3130A1LJ5	FHLMC	1.63%	4/28/2017		500,000	505,855	-	505,855	0.45%
Income Payments											
	6/30/2014	Tex-Pool	LGIP	0.03%			1,058,424		77	77	0.03%
	6/30/2014	TexStar	LGIP	0.03%			1,382,894		112	112	0.03%
	4/15/2014	914729JM1	UNT	4.50%	4/15/2016		250,000		5,625	5,625	0.55%
	4/14/2014	CD 4176804278	Landmark Bank	0.30%	7/14/2015		1,000,000		740	740	0.30%
	4/28/2014	CD 4176803858	Landmark Bank	0.35%	9/28/2014		1,000,000		866	866	0.35%
	5/20/2014	CD 4176804344	Landmark Bank	0.50%	10/20/2016		500,000		610	610	0.50%
	5/15/2014	54810C6X3	LCRA	5.00%	5/15/2016		290,000		7,250	7,250	0.61%
	6/5/2014	CD 4176804229	Landmark Bank	0.30%	12/5/2014		1,000,000		757	757	0.30%
	6/11/2014	313371VFO	FHLB	1.63%	12/11/2015		1,000,000		8,125	8,125	0.44%
	6/30/2014	912828NLO	US Treasury	1.88%	6/30/2015		1,000,000		9,375	9,375	0.52%
Total							**$ 12,231,318**	**$ 3,764,846**	**$ 62,311**	**$ 3,827,157**	

CITY OF SHERMAN, TX
Comparison by Type
AS of 6/30/2014

Sherman
CLASSIC TOWN. BROAD HORIZON.

Cash/Investment Type	Balance 9/30/2013	Balance 12/31/2013	Balance 3/31/2014	Balance 6/30/2014	Percent of Portfolio	Portfolio Cap
Local Government Pool (LGIP)	$ 2,996,339	$ 2,996,707	$ 2,941,130	$ 2,441,318	15.71%	50.00%
Certificates of Deposit	3,015,758	3,010,492	4,513,235	4,507,216	29.00%	30.00%
US Agency	5,310,833	5,288,597	5,270,451	4,523,129	29.10%	50.00%
US Treasury	1,023,412	1,020,036	1,016,733	1,013,394	6.52%	85.00%
Texas Subdivisions	2,037,349	2,025,074	3,075,373	3,055,974	19.66%	50.00%
Total	**$ 14,383,691**	**$ 14,340,906**	**$ 16,816,922**	**$ 15,541,031**	**100.00%**	



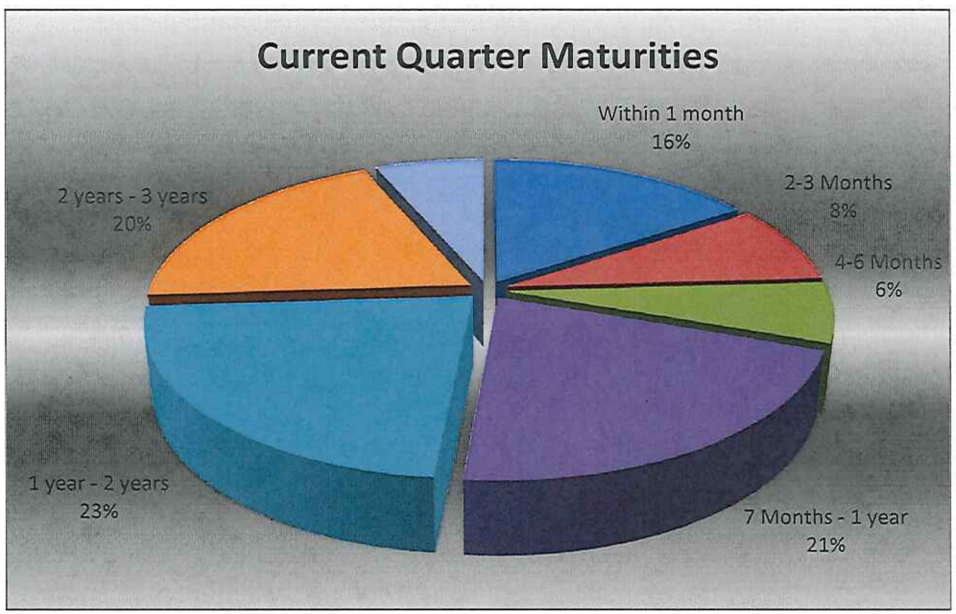


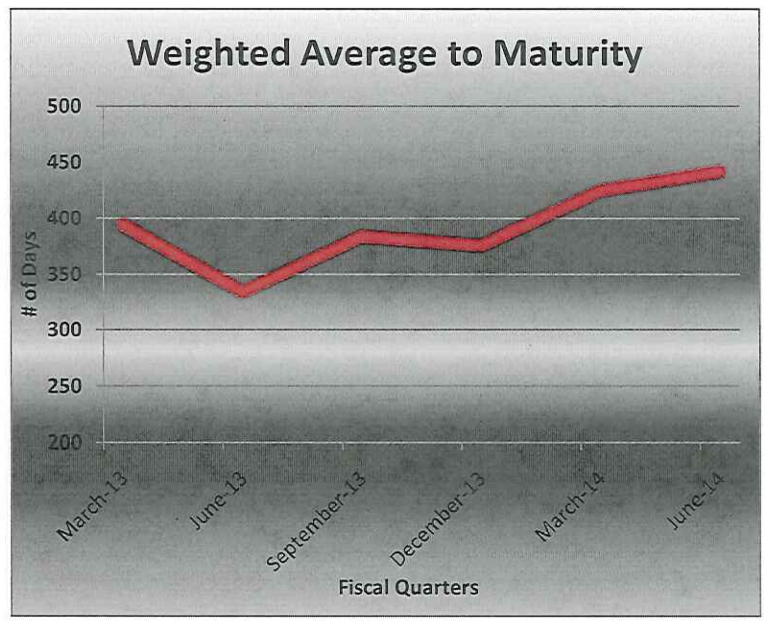
Sherman
CLASSIC TOWN. BROAD HORIZON.

CITY OF SHERMAN, TX
Portfolio by Maturity
AS of 6/30/2014

Maturity Time Frame	Balance 9/30/2013	Balance 12/31/2013	Balance 3/31/2014	Balance 6/30/2014	Percent of Portfolio	Minimum Allowable
Within 1 month	$ 2,940,542	$ 2,996,707	$ 5,200,411	$ 2,441,318	15.71%	
2-3 Months	1,007,292	1,005,080	-	1,292,313	24.02%	
4-6 Months	-	2,271,215	1,291,446	1,001,496	30.47%	
7 Months - 1 year	4,588,140	2,292,281	2,257,011	3,269,255	51.50%	50.00%
1 year - 2 years	3,280,495	4,299,539	6,529,768	3,493,036	73.98%	
2 years - 3 years	2,511,425	1,476,084	1,538,287	3,041,449	93.55%	
3 years - 4 years	-	-	-	1,002,164	100.00%	
4 year - 5 years	-	-	-	-	100.00%	100.00%
	$ 14,327,894	**$ 14,340,906**	**$ 16,816,922**	**$ 15,541,031**		

Liquidity Indicator				
Weighted Average Maturity	**383.92**	**375.82**	**425.00**	**441.92**

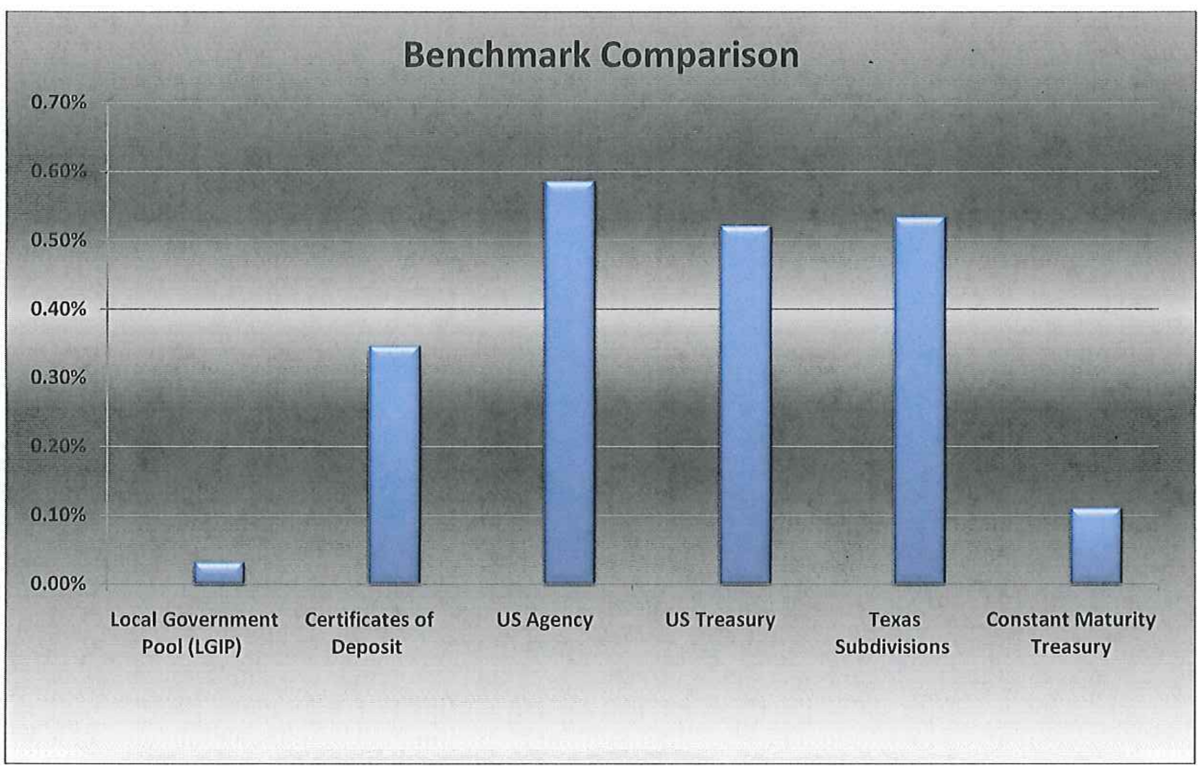




Sherman
CLASSIC TOWN. BROAD HORIZON.

CITY OF SHERMAN, TX
Earned Income
AS of 6/30/2014

Date Received/ Purchased	CUSIP	Security Description	Coupon	YTM	Interest Purchased/ Received	Accrued Interest/ Amortization	Income Earned
6/30/2014	Tex-Pool	TexPool		0.03%	$ 77	$ -	$ 77
6/30/2014	TexStar	TexSTAR		0.03%	112	-	112
4/3/2014	CD 1013674007	CDARS	0.45%	0.45%	25	-	25
4/14/2014	CD 4176804278	Landmark Bank	0.30%	0.30%	740	8	748
4/28/2014	CD 4176803858	Landmark Bank	0.35%	0.35%	866	10	876
5/20/2014	CD 4176804344	Landmark Bank	0.50%	0.50%	610	14	624
6/5/2014	CD 4176804229	Landmark Bank	0.30%	0.30%	757	(8)	749
6/30/2014	CD 4176804435	Landmark Bank	0.28%	0.28%	-	683	683
4/2/2014	31328X25JO	FHLMC	4.60%	0.36%	28,750	(28,646)	104
4/15/2014	914729JM1	Univ. of N Texas	4.50%	0.55%	5,625	(5,250)	375
5/15/2014	54810C6X3	LCRA	5.00%	0.61%	7,250	(6,638)	612
6/11/2014	313371VFO	FHLB	1.63%	0.44%	8,125	(6,989)	1,136
6/30/2014	129703EQ3	Calhoun Cnty TX ISD	3.00%	0.38%	-	495	495
6/30/2014	590741X33	Mesquite, TX	2.00%	0.48%	-	181	181
6/30/2014	129703ER1	Calhoun Cnty TX ISD	3.00%	0.57%	-	757	757
6/30/2014	3135GOGH1	FNMA	0.38%	0.60%	-	1,498	1,498
6/30/2014	912828NLO	Treasury Note	1.88%	0.52%	9,375	(7,963)	1,412
6/30/2014	796456DW8	St. Augustine TX ISD	1.21%	0.65%	-	821	821
6/30/2014	052396B23	City of Austin	3.00%	0.53%	-	389	389
6/30/2014	667825RN5	Northwest ISD	4.60%	0.55%	-	572	572
6/30/2014	590741V76	Mesquite, TX	2.00%	0.48%	-	142	142
6/30/2014	3130A0WJ5	FHLB	1.02%	0.95%		2,376	2,376
6/30/2014	3130A1LJ5	FHLB	1.63%	0.45%	-	1,063	1,063
6/30/2014	3134G4WJ3	FHLMC	0.63%	0.56%	-	1,565	1,565
					$ 62,311	**$ (44,920)**	**$ 17,392**



SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. E. 5.**

Meeting Date: 07/21/2014

Prepared By: Don Keene, Director of Community and Support Services

Approved By: George Olson, City Manager

Caption:

**** OTHER BUSINESS***

Consider Request of United Way of Grayson County to Temporarily Close Certain Streets for the "United Way Hustle for Health" on Saturday, August 16, 2014

Issue:

United Way of Grayson County will kick off its 2014 annual campaign with the "United Way Hustle for Health" on Saturday, August 16th, and is requesting the City of Sherman's assistance with street closures.

Background:

United Way of Grayson County, in conjunction with multiple sponsors, will hold its annual campaign kickoff with the "Hustle for Health", a 5K and Fun Run on Saturday, August 16th. The event will begin at 7:00 a.m. The race will begin at 8:00 a.m. and will follow the route displayed on the attached map. The event will require traffic control assistance, barricades, and cones from the City of Sherman.

Origination:

Kim Burgess, Director of Resource Development for United Way of Grayson County

Financial Consideration:

Labor and equipment to provide traffic control assistance and place/remove barricades and cones.

Staff Recommendation:

It is recommended that the City Council approve this request and authorize the necessary traffic control and assistance to accommodate the event.

Alternatives:

None recommended

Attachments

United Way Request Letter

United Way Run Description

United Way Run Map

713 E. Brockett, Post Office Box 1112
Sherman, TX 75091
Tel 903 893-1920 Fax 903 893-4141
www.unitedwaygrayson.org

United Way
of Grayson County

June 16, 2014

George Olson
City of Sherman
220 West Mulberry Street
Sherman, TX 75090-5832

Dear Mr. Olson,

Last year's United Way Campaign Kickoff featured a 10k/5k/1k fun run that was a huge success. With over 600 people in attendance and over 500 race participants, we could not have been more pleased.

We are requesting from the city, traffic support and cones to be placed along the course. We are estimating six hundred (600) runners to participate. Please find below the details and attached the proposed course map.

What:	CIGNA "Hustle for Health" Run & Annual Campaign Kickoff
Who:	United Way of Grayson County
When:	August 16th 2014
Time:	Race Start 8:00 a.m. finish 11:00 a.m.
Where:	Sherman Municipal Grounds

We want to thank you in advance for your consideration of this event. If we can be of any assistance please give me a call at 903-893-1920. We look forward to working with the city on this endeavor.

Sincerely,

Kim Burgess

Kim Burgess
Resource Development Director
United Way of Grayson County

United Way

United Way
of Grayson County

Hustle for Health 5K

Information

What: Hustle For Health 5K

When: Saturday, August 16th 7 a.m. to 10 a.m.

Where: Sherman Municipal Building

Who: United Way of Grayson County

Why: Annual Kickoff to Fundraising Season

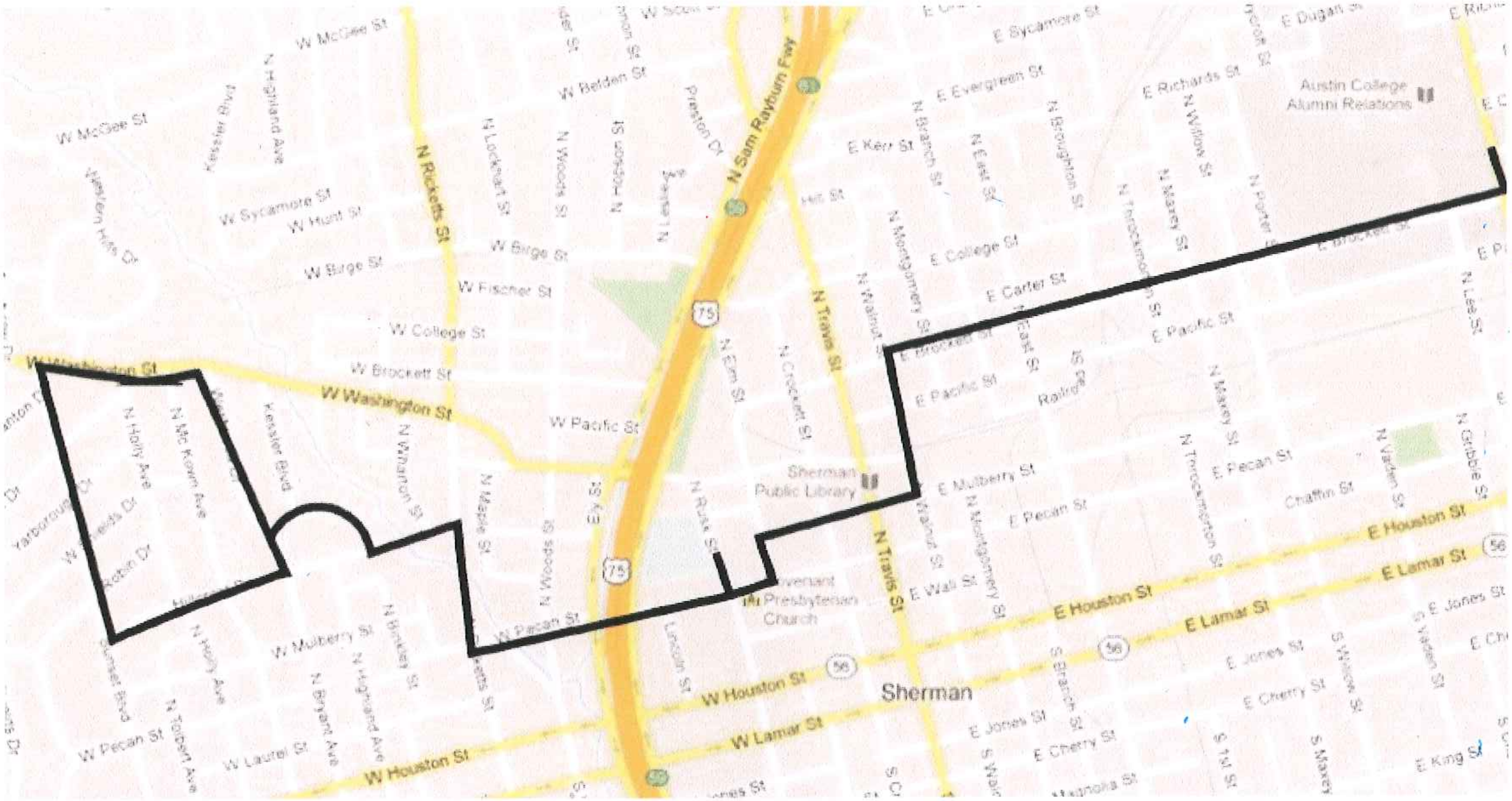
Background:

Heading into our 5th year this annual event has grown from just over 100 participants to almost 600. It has become a staple for our community and a model for many of the races and runs in the community today.

In the past we have had a 5k/10k however this year we will only be hosting the 5k yet two courses, a recreational and a competitive course. The courses will be exactly the same as the previous two (2) years and all facilities will remain the same.

The race will be held regardless of weather, with the exception of a lightning storm. At which point the race will be cancelled and rescheduled at a later date to be determined.

United Way Hustle for Health 5K and Fun Run
August 16, 2014



5K Recreational Start
N. Rusk St.
Turn left on W. Pecan
Turn left on N. Elm
Turn right on W. Mulberry
Turn left on N. Walnut
Turn right on E. Brockett
Turn left on N. Grand
*Turn around 5K Marker
Back to Start

5K Competitive Start
N. Rusk St
Turn right on W. Pecan
Over pedestrian bridge.
Turn right on N. Ricketts
Turn left on Hillcrest
Turn right on Kessler/Bryant
Turn left on Bryant
Turn right on Hillcrest
Turn right on Sunset Blvd.
Turn right on Washington
Turn right on Westwood
Turn left Kessler/Bryant
Turn Left on Hillcrest
Turn right on Ricketts
Turn left on W. Pecan
Over pedestrian bridge
Back to Start

SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. E. 6.**

Meeting Date: 07/21/2014

Prepared By: Don Keene, Director of Community and Support Services

Approved By: George Olson, City Manager

Caption:

**** OTHER BUSINESS***

Consider Request of the Crisis Center of Grayson County to Temporarily Close Certain Streets for the "Seeds of Hope Moonlight 5K & Fun Run" on Saturday, September 6, 2014

Issue:

The Crisis Center of Grayson County plans to host the "Seeds of Hope Moonlight 5K & Fun Run" on Saturday, September 6th, and is requesting the City of Sherman's assistance with street closures. This is a night run and will begin at 8:00 p.m. on City streets.

The event will include a live band, vendor booths and other activities around the Grayson County Courthouse. The Crisis Center of Grayson County plans to apply for an alcohol permit from the Texas Tobacco and Alcohol Commission to provide free beer to participants after the race.

Background:

The Crisis Center of Grayson County will hold the "Seeds of Hope Moonlight 5K & Fun Run" on Saturday, September 6th. The event will begin at 8:00 p.m. and will follow the route displayed on the attached map. The event will require traffic control assistance, barricades, and cones from the City of Sherman.

Origination:

Scott Caldwell, Board Member/Co-Chair of "Seeds of Hope 5K & Fun Run"

Financial Consideration:

Overtime labor and equipment to provide traffic control assistance and place/remove barricades and cones. Solid waste receptacles would be provided by the City of Sherman Solid Waste Department.

Staff Recommendation:

The Police Department has safety concerns for the participants since this 5K event takes place after dark. Brockett Street can be a busy street, intersecting with numerous other streets along the run route. Mr. Caldwell stated he has approximately 50 volunteers who, among other duties, will help with the intersections and traffic concerns. Additionally, he agreed to hire six (6) off-duty officers to perform traffic control and minimize the risk involved. The Police Department will provide two (2) patrol vehicles and utilize our utility vehicles (UTVs) for added safety.

Alternatives:
As directed by Council

Attachments

Crisis Center Request Letter
Crisis Center 5K & Fun Run Route
Crisis Center Fun Run or Walk Route

SEEDS OF HOPE
MOONLIGHT 5K/FUN RUN

Benefiting the

Crisis Center
Hope for today, courage for tomorrow

June 9, 2014

Community and Support Services
City of Sherman

To whom it may concern:

The Crisis Center of Grayson County will be putting on a 5K run and 1-mile "fun run" on the night of Saturday, Sept. 6, 2014, to benefit the Crisis Center and its mission of providing a safe haven to local victims of domestic violence and sexual abuse.

Our plan is to use Crockett Street, just off of Houston, as the site of the start and finish of the race, with runners heading north and, eventually, running east on Brockett. Registration, check-in, the awards presentation, etc., will be across the street on the north side of the Grayson County Courthouse. We would be on-site between the hours of 5 p.m.-10:30 p.m. We are requesting city support on street closures and/or directing traffic during race time – specifically:

- The two-block stretch of Crockett between Houston and W. Pecan streets (our start and finish area)...
- Stoplight at Pecan and Travis...
- Corner of Walnut and Brockett...
- Intersection of Brockett/Travis streets (runners on their way back).

Vendor booths and small, open tents may be set up on the Courthouse lawn, which has been approved by the county. We plan on providing runners with fruit, snacks, water and beer after the race, and have scheduled a live band to perform before and after the 5K on the steps of the courthouse. I understand we will need to contact TABC re: any alcohol at the event.

We are partnering with Chip to Chip racing systems. They will be setting up the start/finish "arch" for timing and organization. This will be the only structure specifically for the race. We are expecting the participation of between 250-300 runners.

I look forward to working with you on this event. Please let me know if you need me to clarify any points or have any questions.

Thank you for your help. I look forward to hearing from you.

Sincerely,

Scott Caldwell
Board Member / Co-Chair of Seeds of Hope Moonlight 5K & Fun Run
Crisis Center of Grayson County

SEEDS OF HOPE MOONLIGHT 5K & FUN RUN RACE ROUTE

BENEFITING THE CRISIS CENTER OF GRAYSON COUNTY

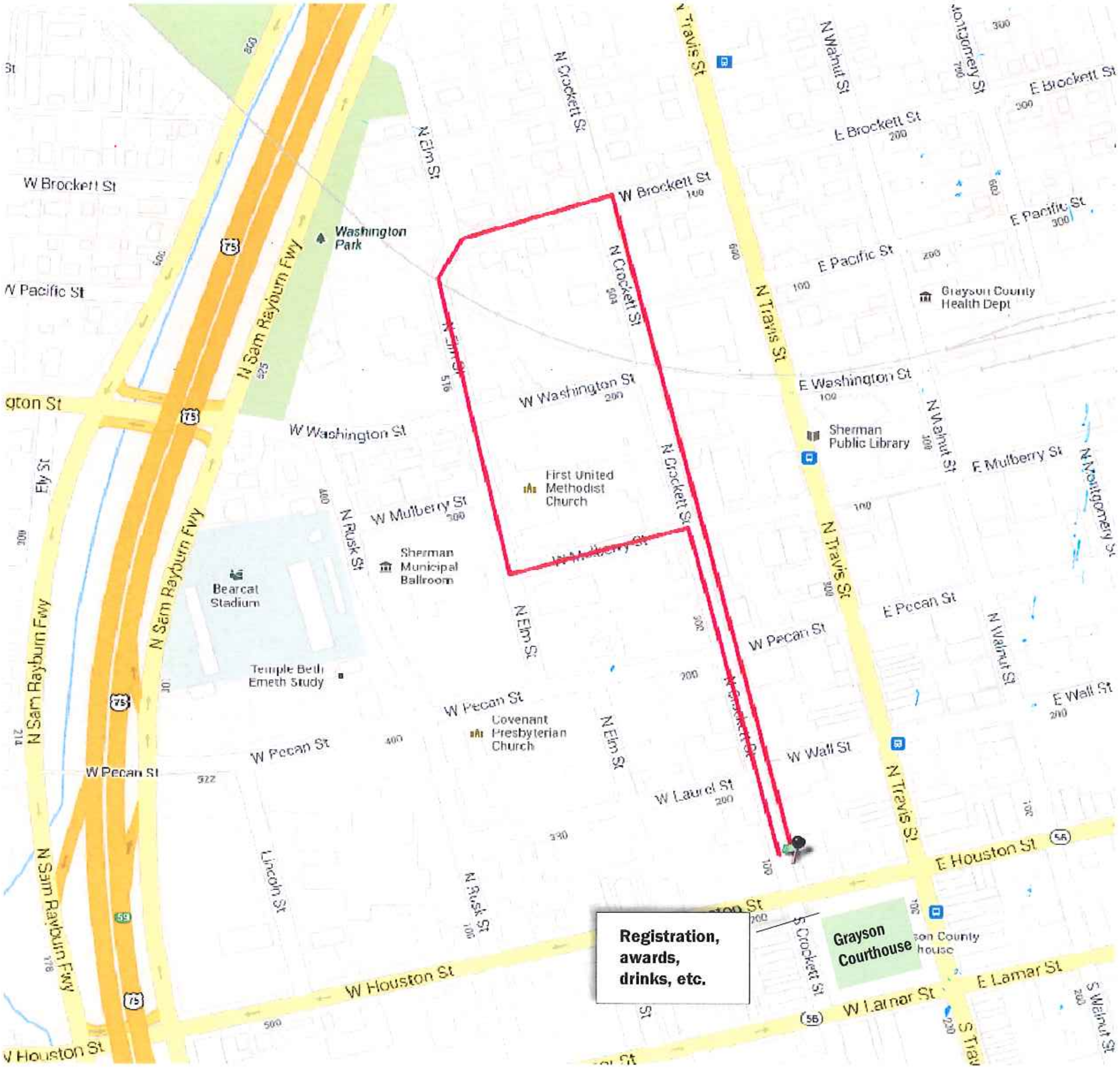
Crisis Center
Hope for today, courage for tomorrow

SEEDS OF HOPE MOONLIGHT FUN RUN OR WALK ROUTE

Benefiting the Crisis Center of Grayson County

Crisis Center

Hope for today, courage for tomorrow



SHERMAN CITY COUNCIL
Agenda Communication Form

City Council Regular Meeting **Agenda Item No. L.**

Meeting Date: 07/21/2014

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved By: George Olson, City Manager

Caption:

COUNCIL CALENDAR

Attachments

2014 Council Calendar

2014

JANUARY

S	M	T	W	T	F	S
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FEBRUARY

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OCTOBER

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NOVEMBER

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DECEMBER

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~~1/17/2014~~	Joint Meeting w/SEDCO Board - Panda Tour - Cancelle
~~2/3/2014~~	Regular City Council Meeting - Cancelled
2/12/2014	Called Meeting for Informational Presentation
2/26/2014	Called Meeting for Informational Presentation
3/12/2014	Called Meeting for Informational Presentation
3/21/2014	Joint Meeting w/SEDCO Board - Panda Tour

3/26/2014	Called Meeting for Informational Presentation
4/18/2014	Called Budget Planning Meeting in Council Chambers
4/21/2014	Regular City Council Meeting - Cancelled
06/18-19/2014	Called Budget Workshop in Council Chambers - Second Day Cancelled
9/1/2014	Labor Day/Called Council Meeting on 09/02/2014