STATE OF TEXAS §

April 23, 2021

COUNTY OF GRAYSON §

BE IT REMEMBERED THAT A Called Meeting of the Sherman City Council was begun and held in the City Council Chambers on April 23, 2021.

COUNCIL MEMBERS PRESENT:	Mayor David Plyler; Deputy Mayor Daron Holland. Council Members Howeth, Melton, Steele, Teamann.
COUNCIL MEMBERS ABSENT:	Council Member Stevenson.
CITY STAFF PRESENT:	Robby Hefton, City Manager; Terrence Steele, Assistant City Manager; Clint Philpott, Assistant City Manager; Ryan Pittman, Attorney, Abernathy, Roeder, Boyd, Hullett; Rob Rae, Director of Development Services; Wayne Lee, Director of Engineering; Mary Lawrence, Director of Finance; Danny Jones, Fire Chief; Chris Olson, Assistant Fire Chief; Jason Jeffcoat, Assistant Police Chief; Tammy Davis, Controller; Tom Pruitt, Utility Engineer; Jim Cross, Water Systems Manager; Nathan Whiddon, Wastewater Superintendent; Kevin Winkler, Public Works Manager; Eric Sandberg, Assistant Public Works Manager; Leah Campbell, Human Resources/OD Administrator; Melissa Eason, Library Services Administrator; Nate Strauch, Community and Support Services Manager; Theresa Hutchinson, Parks and Recreation Manager; Mike Grant, Facilities Manager; Sean Hemperley, Parks and Cemetery Maintenance Superintendent; Sarah McRae, Tourism/Main Street Manager; Moises Duran, Emergency Management Coordinator; Teri Fine, Assistant to the City Manager; Linda Ashby, City Clerk.

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

Invocation by Council Member Willie Steele

Financial Update and Council Input for 2021-2022 Budget Year

Adjournment

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

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

INVOCATION BY COUNCIL MEMBER WILLIE STEELE

FINANCIAL UPDATE AND COUNCIL INPUT FOR 2021-2022 BUDGET YEAR

Robby Hefton, City Manager, said there is good news and challenging news for the upcoming year's budget. He has been meeting with individual members of the Council over the past few weeks and said it went well. The Council's Capital Improvement Program Workshop will be held on May 27, 2021, and will be a deep look into the CIP program for this year. This year's Budget Workshop will cover two partial days, June 17 and 18, 2021.

FY 2021 Work Plan Update

Mr. Hefton presented the list of items from the Council's direction for the FY 2021 Budget, and the status of each item. The items include:

- **Compensation and Staffing**
    - Add 3 full-time employees – Completed
    - Adjust Police Dept and other pay – Completed
    - Provide a 2x one-time @1% for all City employees – Completed
    - HSA contribution to all employees – Completed
- **Fleet**
    - Purchase necessary fleet/equipment – In-progress
- **Rate and Fee Adjustments**
    - Implement Impact Fees – Completed; effective June 7, 2021
    - Adjust Fire Inspection and other fees – Completed
    - Adjust Engineering inspection and testing fee (not in original FY 21 plan) – Completed
- **Commercial Development**
    - Development Agreements – Bel Air PID and Master Development Agreement – Completed
    - Sherman Crossroads – McDonalds, Panda Express, other pad sites sold – Completed
    - Heritage Ranch Planned Development approved – Completed
    - Hospital project – In-progress
- **Police Department HQ**
    - Design and site purchase (design completed in June 2021) – In-progress
- **General CIPs and related debt**
    - Implement CIP projects – In-progress
    - No change in property tax rate for FY 21
    - $30 million bonds issued April 2021 – Police HQ and other
- **Utility System – Planning Focus**
    - Utility Master Plan – Underway
    - Utility Rate Study – Underway, to be completed by June 2021
    - Marilee SUD water line – Design substantially complete
    - NW Sewer – Bids open 5/11; construction to begin in June
- **General CIP**
    - Taylor Street/McGee Street – In-progress
    - Swan Ridge – Developer delayed, City postponed
    - Park Avenue – In-progress; Complete in FY 21
    - Bridges – Travis/Center/McGee – In-progress; Travis bridge to be completed as part of US Hwy 75 project
    - FM 1417 ROW – SH 56 to West Travis – Delayed
    - Moore Street – In-progress; Engineering complete; project to bid Summer 2021

Financial Update/CIP & Bonds

Mary Lawrence, Director of Finance, presented the financial update. At the end of FY 2020, she said the General Fund reserves were up about $1.2 million above FY 2019. This was largely due to the fact that when the pandemic hit, the City "pulled back on the spending," waiting to see what the results would be.

Sales tax revenue did "dip" for a few months, but then it came back and it was "better than ever." As a result, the reserves ended up being more than was originally expected.

In FY 2021, she said they expect reserves to be up $1.1 million, mainly due to strong sales tax performance. There is about $1.2 million that the City will recognize due to the CARES Act grant; inspection fees were above budget; but property tax, fines, ambulance, and transfers-in were all below budget. Expenses are in line with budget, when you remove the effect of the CARES Act.

In the Utility Fund in FY 2020, the ending reserves were up $700,000 from FY 2019. This was due to some debt service that didn't come on line in FY 2020, as it was expected to do. In FY 2021 the revenues are down quite a bit, due in part to a $30 credit to all water utility customers because of the winter storm when many were without water. The credit cost about $550,000.

Council Member Melton asked if the staff knew the water utility fund was already at a problem point prior to the issuance of the credit. Ms. Lawrence said at last year's Budget Workshop, an ongoing problem was discussed with the Council. Council Member Melton felt that the Council should have been told about that prior to authorizing the credit.

The City will also have a payment coming from Marilee Water District for their portion of the water line, but it will probably not be received until FY 2022 instead of FY 2021. Ms. Lawrence said those two "one-time things" have created a fund balance problem in the Utility Fund. However, she said there is an ongoing problem in the Utility Fund that has been discussed before, and is about $1 million per year.

The Solid Waste Fund is performing as expected and will have an ending fund balance of about $600,000 for FY 2020. Even through the pandemic, the City is seeing a nice increase for FY 2021 in the commercial solid waste. Residential solid waste is about 2% or 3%, but commercial solid waste is performing well.

Ms. Lawrence said they expected a projected fund balance for the General Fund to be about $10.5 million, as of September 30, 2021, which is about 91 days. She reiterated that this is due to great sales tax performance.

The projected fund balance for the Utility Fund is expected to be $3.2 million or 46 days in reserves. This is $1 million under the minimum reserve of 60 days. She said the ongoing problem is related to the City's debt service of the Water Treatment Plant.

Ms. Lawrence said the Solid Waste Fund is below budget, mainly due to the Texoma Area Solid Waste Authority Distribution. The distribution was expected in FY 2020, but wasn't received until FY 2021. Mr. Hefton said the distribution was $700,000, while the staff through it would be $1 million. But the main issue was that the staff expected to receive it in September 2020, which would be last fiscal year, but they actually received it in FY 2021. He said it was a "timing difference" that would correct itself.

Council Member Melton felt the Council should have been informed about the issue and Mr. Hefton said he would resend the email. She did not feel that they should have to put pressure on TASWA to send the distribution every year. Mr. Hefton said they are not "required" to do that, they are "allowed" to do it. The pressure comes from the TASWA Board.

Mr. Hefton said TASWA is having another good year and are on track to meet their budget. From a financial standpoint, he felt they should be making distributions every year. The problem is from the political standpoint. Mayor Plyler said there is new representation from Gainesville on the Board. Mr. Hefton said three cities benefit from the distribution, Sherman, Denison, and Gainesville. TASWA is generating significant excess revenues.

Council Member Teamann verified that the percentages of the distribution are set, and the question now becomes the amount of the distribution and when it will be distributed. They wanted to have their audit complete before the distribution was made.

Mayor Plyler added that landfills have many new regulations that must be met and with these more aggressive regulations, some of that additional money will need to be spent on infrastructure. Mr. Hefton explained that TASWA has a budget for their daily expenses, then they put cash aside for these other projects. Anything above the operating expenses and what they set aside for these future capital expenses, is the money that is distributed to the other entities.

Ms. Lawrence presented the General Fund Statement with the amount budgeted for last year and the projected amount for the upcoming year. She said property tax is below the projected budget, but sales tax is about $1 million to the good, entirely due to retail sales. Retail sales are up 15%. She said there are five big box retailers in Sherman, two of which sell building products. They are up every month by approximately 20%. Through April 2021, all sales are up 5%. For the City, miscellaneous revenue increased because of engineering inspection fees.

As for General Fund expenses, personnel expenses were up because of Fire Department overtime, safety supplies, and services and charges, which included CARES money given to the school district for qualifying expenses, which the City couldn't use.

In the Utility Fund, water sales were below budget. The projected ending balance is about $1.3 million "underwater." She said there is also some pressure with the expenses for well repairs. Ms. Lawrence said it will probably be "hundreds of thousands of dollars" over what was budgeted. She also presented a "normalized" Utility Fund Budget, which added back in the bill credit, which makes it about $750,000 under.

Mr. Hefton clarified, that intergovernmental revenue is down $1.2 million, because of Marilee. Since the City didn't have that money, they couldn't transfer $1 million into the projected. The City is missing $1 million in revenues, so they cut the transfers out to compensate.

Council Member Teamann asked why transfers in were reduced. Ms. Lawrence said part of that transfer in was from the Health Fund, because there were some excess reserves. It was a one-time transfer in.

Council Member Teamann asked how the personnel line item increased by $800,000. Ms. Lawrence said a lot of it was new employees for the new plant. There was also a lot of overtime during the snow event in February. Mr. Hefton said the staff will present a plan on how to "fix" the Utility Fund at the Budget Workshop. Ms. Lawrence said they will also give a larger presentation about the transfers in and out at the Budget Workshop.

Ms. Lawrence presented the water and sewer revenues, adding that water revenues are impacted by weather and industrial usage.

The Solid Waste Fund is $300,000 to the good. Revenues are up, mostly from commercial solid waste. They budgeted $1 million in revenue from TASWA, but received $700,000.

Ms. Lawrence presented the General Improvement Fund, and a list of projects for that fund. There was also a $30 million receipt of revenue in the debt proceeds line item from the bond sale. There is also a projected $4 million in revenue from the land sale at FM 1417 and West Travis Street. The ending fund balance for FY 2020-2021 is mostly from the bond sale and the land sale.

She presented a chart showing the new value and growth in existing property from 2011 through 2021. In 2015, Sherman started adding more new taxable value each year. Mr. Hefton clarified that new value is a function of supply and demand. When demand increases, and the City grows, the demand for services increases too. That demand also increases the value of what's here. Therefore, adding new value increases the value of existing property.

Ms. Lawrence addressed the CO Bond Summary, saying a 2021 issue has been added. Approximately half of this issue is going to TIRZ projects and the other half is going to the new Police Headquarters.

She also presented a list of Outstanding CO/GO Debt owed by the City. Council Member Steele said he would like to see maturity dates on the debt, to determine when they will be paid off. Mr. Hefton said that could be presented at the Budget Workshop.

Deputy Mayor Holland asked about the debt owed to the City of Sherman for water/sewer revenues. Ms. Lawrence said the revenue is recognized as they are billed. Some of the penalties and interest have been written off as a courtesy, a couple of years ago, to try to get them back where they could pay. That revenue is still included in the charts.

Utility Issues

Mr. Hefton said the staff would present a plan to the City Council at the Budget Workshop. Today's discussion is mainly for informational purposes. He explained how the City "got to where they are" today.

In 2015, about $27 million to $30 million in debt was issued for the new Water Treatment Plant. The debt went on the books in 2016, and is a little less than $2 million per year. It took three years to build the plant and it opened in 2021, with increased operating costs. He said the February 2021 weather event had a big impact on well repairs, which could reach $1 million. Usually, at least one well needs repair annually and that repair costs between $250,000 and $325,000. There have been four plus well repairs so far this year.

He said it was a debt service issue that was a cause of the utility issue. Also, revenues haven't climbed proportionally to the costs. Years ago, the City had to invest money in Lake Texoma water for the future, and now the City is investing in a new Water Treatment Plant for the future. Today, the City doesn't need the 10 mgd of water that the new plant added. Demand will grow in the future, but the revenue hasn't been realized yet.

The fund balance in the Utility Fund began decreasing when the debt started. Fund reserves increased in 2018, due to the close-out of some miscellaneous utility funds, however it began decreasing again.

Council Member Melton confirmed that the City has 45 wells and nine pump stations. Mr. Hefton added that the wells are mechanical things and break down. Council Member Melton said, if lightening strikes a well, that should be paid by insurance. Mr. Hefton said some things are, and sometimes you will see revenue come back in to reimburse the expense.

Mr. Hefton said he looked to see if the City's spending was "out of sorts" with what they would expect to spend. He compared with an increase just from 2.3% inflation this year, and then with the debt service. He said the actual expenses are tracking as they should, with what they would expect to happen.

He said the City has been intentional in not raising utility rates, because they had plenty of fund balance. He said if they have 80 to 100 days in fund balance, they don't need a rate increase, and rates are where they should be.

Now, with debt coming back on line and reserves decreasing, there will be some decisions to make. Mr. Hefton said the staff will present a solution for the Council's discussion at the Budget Workshop.

He added that there are things on the horizon that will help offset these issues. A Utility Rate Study is being done now that will provide a roadmap for future rates. The staff is having regular conversations with potential bulk water users, communities that are interested in having Sherman treat someone else's water from Lake Texoma and pumping it to them, especially those along the Hwy 75 corridor and the SH 289 corridor.

Many of these communities are currently on North Texas Municipal Water District water, and the pipe is already in place. Sherman may be able to use this pipe to pump water to them, if details can be worked out. There have also been conversations with Marilee Utility District and with Gunter. However, the pipe infrastructure is not in place to treat their water, and would need to be "supersized." If new infrastructure is needed, those communities should be paying for the pipes. More discussion is needed, but Mr. Hefton said he felt something would happen within the next five years.

Council Member Howeth asked if there was a maximum amount of water that the City could sell to communities to the south. Mr. Hefton said the Water Treatment Plant would be "maxed out" at 70 mgd, however Sherman isn't anywhere close to that amount. He added that, the City isn't selling any of "their water," but would be treating someone else's water and piping it to them. Also, if there's only so much water to go around, the City of Sherman gets it first, before any other community.

Sherman has the capacity at the plant to treat additional water, they would just need to install the pipes to transfer it to the other communities. These other communities currently have water, but they are purchasing it from NTMWD. It's just that their rates are going to be increased to fund major projects for NTMWD. They feel Sherman's rates would be fairly stable because we don't have those expensive projects planned.

Mr. Hefton said Marilee needs the water, regardless of the rates, but the other customers want the water because Sherman's rates will be lower for them than the ones they are anticipating paying.

Council Member Howeth spoke about Sherman buying so much water years ago. Mr. Hefton said Sherman has maxed out all that they were allocated at Lake Texoma, and there are no more Corp of Engineer's allocation that they can get. There are approximately 15 communities that have water rights in Lake Texoma. They will sell their water rights, for a period of time, to another City, for Sherman to treat. In the future, the income from this will allow Sherman to offset the rates to their own water customers.

Council Member Steele asked if there had been any conversation about Sherman's pump station sitting in Oklahoma. Mr. Hefton said the Boundary Commission still exists, but he didn't know what the status was. There has been no firm action, but it is an issue. Both Texas and Oklahoma have talked about it at the State level and realize there is an issue.

Mr. Hefton said development is also going to increase the demand for water in Sherman.

Planned Development Update
Mr. Hefton provided an update on several of the larger Planned Developments. He said these developments are already affecting the FY 2021 Budget and will also affect the FY 2022 Budget.

Washington Meadows has already started infrastructure development and is an approximately 130 single-family home development on about 35 acres, on the corner of FM 1417 and Washington Street. The estimated impact on revenues is $150,000 property tax base ongoing, $100,000 utility revenues, $125,000 impact fees, and $30,000 for engineering and inspection fees. The infrastructure construction began in the second quarter of 2021.

Bel Air Village includes approximately 280 acres and is primarily residential, with about 950 single-family houses, 2,000 multi-family units, and a commercial/retail/entertainment area. The estimated impact is $1.8 million in annual property tax revenue, $2.1 million in annual utility revenues, $3.3 million in impact fees, and $1.2 million in engineering and inspection fees. The infrastructure construction should begin in the second quarter of 2021.

The Grove includes approximately 190 single-family houses and 192 multi-family units on about 57 acres. The estimated impact is $315,000 in property tax revenue, $250,000 in utility revenues, $225,000 in impact fees, and $50,000 engineering and inspection fees. The infrastructure construction should begin in the second/third quarter of 2021.

Heritage Ranch includes 420 acres with approximately 650 single-family houses, 950 multi-family units, commercial/retail, office, and entertainment. The estimated impact is $1.5 million in property tax revenue, $1 million in utility revenues, $2.3 million in impact fees, and $800,000 in engineering and inspection fees. The infrastructure construction will begin in the fourth quarter of 2021.

The Shepherd Crossing project is still developing, but will include approximately 530 acres of single and multi-family residential, commercial/retail, office, and entertainment. They have submitted a draft Planned Development plan, and will probably submit the actual plan to the Planning and Zoning Commission in June 2021. Construction would probably begin in 2022.

The Village is a 620 acre development, near the new High School, and will include single and multi-family residential, commercial/retail, office, civic, and other. The Planned Development has been approved, and will include approximately 320 single-family houses, and 2,300 multi-family units. Currently there is no timeframe on when the infrastructure construction would begin.

Mr. Hefton said adding up the impact of the developments that are in process, with starts in 2021, amounts to approximately 790 acres, 1,930 single-family houses, 3,000 multi-family units, with an estimated impact of $3.75 million in property tax revenue, $3.45 million in utility revenues, $5.95 million in impact fees, and $2.1 million in engineering and inspection fees.

He said most of these will be a four or five-year build-out, maybe seven years on the single-family. This type of demand is driving the need for help in these front-end departments, such as the Engineering Department and the Development Department. When the residential units are up and going, the City will need more police, firefighters, dog catchers, street department, every City department. All services provided by the City will be directly affected. Mr. Hefton said part of the focus of FY 2022 is to get the resources in place for those front-end offices.

Mr. Hefton said there are seven other development activities that are not as large as the Planned Developments, but actually have dirt moving and have a financial impact on the City's resources. These include The Preserve, Quail Run, on McGee Street, Austin Landing, Todd Young's development on the east side of Travis Street, and one off of Fallon Drive. None of these developments were included in the previous statistics, but are still using City resources.

FY 2022 Workplan and Budget Focus

Mr. Hefton said the Workplan for FY 2022 is, as always on staffing and staffing levels, and compensation. He said the City is a service industry, so most of the costs are “people costs.” He just discussed hiring in the front-end departments. He also felt the City would be able to give employees a HSA contribution. The group health plan is doing well, and that is a marker for giving a contribution.

For the utility operations, the discussion will include the Utility Rate Study recommendations, building reserves, a rate adjustment to cover operations, and continued utility system planning on the Water/ Wastewater System Master Plan.

The final major presentation will also be made on the police facilities and construction of the new Police Headquarters. There will be more discussion on the CIP program and capital expenses, including a Called Council Meeting next month to discuss the program.

Council Member Howeth asked if there was enough office space for the new employees that the City would need to hire to manage the new growth. Mr. Hefton said in FY 2022, he wasn’t sure, but eventually yes. He said he hoped to repurpose the current Police Station and use that for office space after the new Police Headquarters was constructed. He said there would be a time in the future, when additional space will be needed.

He added that FY 2023 would be when the “pinch” is really felt due to the additional City services in these new areas that are being developed. Of the developments previously discussed, that equates to about 40% in population growth, or 20,000 people, for the City.

Mr. Hefton discussed the financial projections. He had hoped to have the amounts from Grayson Appraisal District for the increased values of property and new property added, but those numbers have not been released. They expect sales tax revenues to be up, probably at least 3%, which would be $450,000 to $500,000. One time fees, such as impact fees, engineering review fees, and building permits should increase, and group health costs have stabilized. Which should allow a one-time contribution to employee’s HSA accounts.

As for the Utility Fund, Mr. Hefton said he felt there would likely be a rate adjustment needed, but he didn’t know how much would be needed. He said the staff would also keep pushing TASWA on their annual equity distribution. Their fiscal year ends in June. In February, they had enough revenue to cover their budgeted expenses for the entire year. He felt there would be a distribution, but didn’t know what the amount would be.

Council Member Steele asked why Sherman couldn’t have their tipping fees reduced at TASWA, to match the distribution. Mr. Hefton said there is not TASWA Board support for reducing the gate fees, because they are concerned about having to adjust the fees every year. Secondly, if the rates are lowered, everyone gets a break. Half of the trash that goes into the landfill is from the three cities that receive a distribution. Sherman, Denison, and Gainesville’s trash makes up 50% to 55% of the total trash going into the landfill. If the gate rate is lowered, all the users would get the reduced rate.

If the distribution is done through the gate rate, the City would be guaranteed to receive it, however if it is done through a distribution to the three cities, then they’re not guaranteed to receive it, but Sherman would receive about two times the amount they normally would. Council Member Teamann suggested only lowering the rates for the founding members.

Mr. Hefton said now that the first distribution has been made, he felt there would be distributions every year, as long as the volume stayed up. There will, however, probably be disagreements as to the amount of the distributions.

Council Member Teamann said the City doesn't use "one-time money" to keep the rates stable, so citizens have to be charged, based on the fact that they won't get the disbursement. Then that money can be used for large projects. Mr. Hefton said, the gate rate would be easier to use to build the City's budget because they would know what the projections were going to be. Then the savings could be used as operational. You can't build operations on money when you don't know how much money you will receive.

Mr. Hefton said they expected no increase in the property tax rates and expected no Solid Waste rate changes. He did expect that the Utility Rate Study would recommend some type of rate change. He asked the Council if the staff was "heading in the right direction" and asked if they had support for continuing to do what they are doing. There are pressures on the development side that are of concern.

He also asked if there were other issues they would like to see at the Budget Workshop, such as Council Member Steele's request to see a chart on the City's debt. Council Member Steele said he would also like to see more information about transfers in and transfers out, and their effect on reserves. He said they discussed, but probably should have increased the utility rate last year. He also asked how much of the money from impact fees would go to the Utility Fund. He asked for discussion about how this was handled and said a rate increase would be the easiest, but is there another way to do it.

Mr. Hefton said the General Fund has 91 days fund balance. He said the optimal amount is 70 to 75 days, and 60 days was a little concerning. The Charter has even lower thresholds, but that accounts for an "emergency fund." Industry standards say 60 to 90 days, and he said he likes to be in the middle of that. If the fund balance is "sustainably too high," then your rates are probably too high. If it's "sustainably too low," then your rates are probably too low, or there are spending problems.

He said "the fix" for 2022 for the Utility Fund, will most likely include a transfer from the General Fund. The Rate Study will take all those things into consideration and will be a 10 year look at projected growth. Generally, the General Fund should take care of itself, the Utility Fund should take care of itself, and the Solid Waste Fund should take care of itself. The rates for each of those services should be used to support their own. Mr. Hefton said that generally is the case.

When there is one time money available, or excess fund balance, it is appropriate to move it around to manage the level of reserves, and keep it in the 60 to 90 day range. At the beginning of the fiscal year, the City was at the low end of the range in the Solid Waste Fund at 50 to 60 days. But they knew "there was help on the horizon." Same thing with the Utility Fund, but they knew they could wait a year for the Rate Study.

Mr. Hefton said generally, these transfers are operating transfers. Every year, the General Fund charges the Utility Fund and the Solid Waste Fund for the time that staff spends doing Utility Fund or Solid Waste Fund things. There's always some level of transfer because those funds use services from the General Fund. There is a formula that is actually used to determine the amount of these transfers. The Utility Fund is also charged a franchise fee.

Mr. Hefton said the staff will submit a plan at the Budget Workshop, but it will include transfers, to increase the reserves in the Utility Fund. He said that will help on the one time basis and the Rate Study will be the "guiding mechanism" as to what should be done on an ongoing basis.

Council Member Teamann said this year the transfers were offset by a lesser amount than normal, which would have made up a substantial percentage of the deficit. Given that the City just helped citizens through the water crisis during the February weather event with a rebate, then to "charge them back" with a rate increase, he felt would be "in bad taste." He said he would rather use transfers in and out, to balance the Utility Fund, if possible, knowing that other money will be coming on line shortly.

Council Member Teamann also said that the City allocated $15 million into the TIRZ fund, and he would like to see that money spent taking care of the current infrastructure, such as faster street repair and maintenance. He would like to “maintain the house” before the money is spent on new projects, like TIRZ projects.

He also said he did not want to “fight COLA against new projects” and didn’t want the employee pay increase to fight new projects for funding. He urged the staff to make sure the COLA and HSA contributions are covered, and maintain the house before the excess funds are spent on new projects.

Mr. Hefton agreed that, as long as the money is used as it was reflected in the bond documents, it can be used to maintain existing streets and utilities. It can be used for existing streets, to rebuild major sections and do long term projects. Rebuilding an existing road would be a valid, 20-year project. However, he said it shouldn’t be used just for maintenance, but for a rebuild.

ADJOURNMENT

There being no further business to come before the City Council, motion was duly made and approved to adjourn the Called Meeting at 12:51 p.m.

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MAYOR

ATTEST

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CITY CLERK