

STATE OF TEXAS

§

April 20, 2023

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 20, 2023.

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

COUNCIL MEMBERS ABSENT: None.

CITY STAFF PRESENT: Robby Hefton, City Manager; Terrence Steele, Assistant City Manager; Clint Philpott, Assistant City Manager; Zach Flores, Executive Director of Public Safety; Ryan Pittman, Attorney, Abernathy, Roeder, Boyd, Hullett; Rob Rae, Director of Development Services; Wayne Lee, Director of Engineering; Mary Lawrence, Director of Finance; Billy Hartsfield, Fire Chief; Jason Jeffcoat, Police Chief; Jana Walker, Controller; Tom Pruitt, Utility Engineer; Nathan Whiddon, Wastewater Superintendent; Shawn Hackworth, IT Manager; Eric Sandberg, Assistant Public Works Manager; Leah Campbell, Human Resources/OD Administrator; Nate Strauch, Community and Support Services Manager; Theresa Hutchinson, Parks and Recreation Manager; Kevin Winkler, Public Works Manager; Tasheena Taylor, Administrative Assistant; Moises Duran, Emergency Management Coordinator; Melissa Eason, Library Services Administrator; Chuck Carlisle, Facilities Manager; Larry Bollier, Building Official/Chief Plans Examiner; Dylan Johnson, Parks and Recreation; Tracy Roberts, Utility Billing and Field Services Manager; Mike Roe, Facilities Foreman; Junior Jaimes, Help Desk Supervisor; Teri Fine, Assistant to the City Manager; Linda Ashby, City Clerk.

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

Pledge of Allegiance and Invocation by Council Member Pam Howeth

Citizen Comments

Financial Update and Council Input for 2023-2024 Budget Year

Council Comments

Executive Session

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

COUNCIL MINUTES – APRIL 20, 2023

TEX. GOV'T CODE § 551.071 --

Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

TEX. GOV'T CODE § 551.072 --

Deliberating the purchase, exchange, lease or value of real property if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

TEX. GOV'T CODE § 551.073 –

Deliberating a negotiated contract for a prospective gift or donation to the City if deliberation in an Open Meeting would have a detrimental effect on the position of the City in negotiations with a third person.

TEX. GOV'T CODE § 551.074 –

Deliberating the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing

TEX. GOV'T CODE § 551.076 –

Deliberating the deployment, or specific occasions for implementation, of security personnel or devices or a security audit

TEX. GOV'T CODE § 551.087 –

Discussing or deliberating commercial or financial information that the City has received from a business prospect that the City seeks to have locate, stay or expand in or near the City and with which the City is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect

TEX. GOV'T CODE § 551.089 –

Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices

Open Meeting

Adjournment

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

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

PLEDGE OF ALLEGIANCE AND INVOCATION BY COUNCIL MEMBER PAM HOWETH

COUNCIL MINUTES – APRIL 20, 2023

CITIZEN COMMENTS

There were no citizen's comments.

INFORMATION UPDATE - INSPECTION OF BACKFLOW DEVICES

Robby Hefton, City Manager, asked Rob Rae, Director of Development Services, to report on the backflow prevention device issue, that was recently discussed. Mr. Rae addressed letters that Council Members have been receiving from citizens about a company, BSI, that tracks backflow devices throughout the City.

He explained that the Texas Commission on Environmental Quality has required cities to inspect the backflow devices. Sherman has not been enforcing this on the residential side, only on the commercial devices. In residential areas, the backflow devices are required on irrigation systems, to prevent cross contamination of the water system. The device is required to be inspected once a year, by TCEQ requirements.

Mr. Rae said citizens are receiving letters to schedule the inspection with the backflow contractor. The cost of the inspection will be between \$65 and \$200, with the higher end being for a commercial device. If the devices are not inspected annually, the City could be penalized by TCEQ for not enforcing the requirement. Mr. Rae confirmed that backflow devices are registered with the State, so they are aware as to who has them.

Mr. Rae said, if a commercial property does not have the device inspected as required, their water can be disconnected, but that would not be done for residential customers. A residential customer would be in violation of the Code of Ordinances, and they could be fined through that mechanism. TCEQ will monitor the inspections and if they are not done annually, they will follow-up, and the City will be fined for not enforcing the requirement.

Clint Philpott, Assistant City Manager, said TCEQ did an audit this year of Sherman's backflow devices and sent notice of all violations for non-inspections. They will then follow-up to make sure the City is enforcing that requirement and to be sure those inspections have been completed. If compliance has not been met, they will fine the City. Mr. Hefton said if the City is fined, it will be passed on to the citizens and the City will be enforcing the inspections themselves.

Mr. Philpott added that TCEQ has performed audits on several City facilities including the stormwater issues, Water Plant, Wastewater Plant, and Solid Waste, so Sherman is getting audits on all the programs to make sure they are in compliance.

Council Members discussed possibilities for the annual inspections, including hiring someone to do all the inspections, removing the sprinkler systems, or adding the cost of inspection to the water bill instead of citizens paying the annual inspection fee.

FINANCIAL UPDATE AND COUNCIL INPUT FOR 2023-2024 BUDGET YEAR

Mr. Hefton presented the Work Plan Update of projects that were in the plan for FY 2023. He outlined the status of each project. There will also be a Capital Improvement Program Meeting in May 2023 to update the Council on the status of those projects.

The City has been delayed on the Street (CO Bond) program, which involves hiring an actual crew for the program. He discussed the problems they have had in hiring a crew, and said it could be outsourced, which would cost more money.

Another delay is for the fleet and equipment purchases. Some have been completed and some have been ordered. However, there are very long lead times on the purchases.

COUNCIL MINUTES – APRIL 20, 2023

He referenced the downtown focus, especially the item on retail, restaurant, saying a lot of effort has been spent on the jail issue. He said they will address the downtown focus for next year a little later in the meeting.

It was decided at a later meeting to postpone the Commercial Solid Waste rate adjustment that was originally planned for this fiscal year.

Mr. Hefton also addressed the list of major General CIP projects, and updated the Council on the status. Rate adjustments have been implemented in the General and Utility Fund, as needed.

Mary Lawrence, Director of Finance, provided the Financial Update Summary on operations. For FY 2022, the General Fund ended \$1.2 million above FY 2021, due to sales tax, which increased about 13% over the previous year, and was 11% over budget. She said they were seeing a similar trend this year. That left a "healthy reserve" of 108 days at the end of 2022. Ms. Lawrence said for FY 2023, sales tax is up about 20% for the year. About two-thirds of that amount is due to Texas Instruments, which is a one-time revenue.

The Utility Fund ending balance, is due to two pretty dry summers, which increased the water revenues. The good performance in the Solid Waste Fund is attributed to Commercial Solid Waste. With projected fund balances, the staff expects 96 days in reserves for the General Fund, 74 days in the Utility Fund, and 71 days in the Solid Waste Fund.

Ms. Lawrence covered several specific line items in the various funds. She also discussed transfers in and out of funds, including the Tax Increment Reinvestment Zone around Town Center. They have accumulated enough money to pay off the remaining couple of years of debt.

She showed the new value and growth in the existing property. About 75% or 80% of the increase in value is from the existing property and the growth in existing property. She also discussed the components of property tax rates, which are the debt rate and the maintenance and operation rate (M&O). Compared to other similarly sized cities, Sherman has a very low tax rate, and the proposed tax rate is also very low in comparison.

Ms. Lawrence discussed the various tax rate management rates in Texas, and how they are figured to determine a City's tax rate. Mr. Hefton said the "no new revenue rate" was previously the "effective rate" and is the tax rate that would be necessary to collect the same amount of money next year, as is being collected this year. She then outlined the actual rates for Sherman that applied to the specific rates, to determine what the new tax rate would be. Mr. Hefton discussed the changes in the tax rate and debt service for the next five years, as sales tax and debt fluctuate, and with the projects at Texas Instruments and GlobalWafers. They also discussed sales tax, both projections and history.

Ms. Lawrence outlined the financial activity for the Utility Fund. She said they expect "some pressure" with the repair and maintenance line item. There have been a lot of well repairs lately, some under the emergency designation. She said there have also been problems procuring equipment in all the funds, especially procuring them at the prices that were originally budgeted. Thus, there are inflationary pressures with fleet, fuel, and maintenance of the vehicles.

She also showed the water and sewer revenues and the increase for FY 2022 and FY 2023, which was partially due to the rate increase, but mostly because it was a very dry summer.

The increase in revenues for the Solid Waste Fund is mostly due to Commercial Solid Waste, which also increases "services and charges." She said on the May 1, 2023 City Council Agenda, there will be a request for the purchase of two frontline trucks. They have not been able to keep five trucks

COUNCIL MINUTES – APRIL 20, 2023

running and need to replace some of the fleet. The trucks will probably not be received until November 2023.

Ms. Lawrence presented the Group Health Insurance Fund Claims History. The projected for FY 2023 is higher than what was budgeted. On January 1, 2023, the City changed the third-party administrator, that processes the claims. The claims started increasing at the end of the year, by a large amount. It appeared that the claims that should have been spread over several months, were instead processed in only two or three months. The staff is still monitoring the situation, but doesn't feel that it is a trend. There is a negative ending fund balance projected, so Ms. Lawrence said the staff felt they would have to put some money into the fund. This transfer in will come from the funds that utilize the employee insurance.

Long-Term Planning Discussion -- CIP, Bonding Capacity and Debt Update

Mr. Hefton said, for the future, the Council should consider the "massive amount" of capital projects over the next three to four years, that are creating extreme pressure on the General Fund and the Utility Fund, especially through 2030. The pressure from the upcoming debt service, which starts before the revenue comes on line, will be both on the General Fund and the Utility Fund.

He asked if the tax rate would be sufficient for the debt service in the General Fund, and can the timing of some of the projects be delayed. Also, are there some management or timing of projects that can be done in the Utility Fund to ease the impact, and what can be done with the rates to help.

Mr. Hefton presented a list of the General Improvement Fund CIP projects, which are "tax backed" projects. Even though there are a lot of projects, a more detailed discussion will be held in May 2023, prior to the Budget Work Session. He said the budget on the projects is nearly \$90 million, and they are making some progress on some of the projects.

As it stands today, for tax supported debt, if no more is issued, it is about \$97 million in outstanding principal. He also presented a summary of how those bond proceeds were used. There is a proposed 2023 public works bond issue that will be proposed. The cost for streets, alone, is about \$40 million. He said \$30 million has been earmarked for the new City Hall portion only, not the entire campus. A more thorough discussion on the proposed City Hall will be held at a later date. He mentioned possibly doing more with individual parks, instead of a new Recreation Center.

Mr. Hefton said the Street Sales Tax will also be up for renewal in 2024, for another four years. It will be included in the November 2023 Election, and is one-eighth of one cent. He addressed the volatility of Sales Tax revenue, Sales Tax for Streets revenue, and Property Tax revenue. He discussed how much debt the City could afford to issue for projects, under various assumptions. He also discussed possible projects for the debt, some of which are already committed. These projects included streets, parks, and facility projects.

Mr. Hefton presented other challenges, that are related to the issuance of debt. In the past, the City could use Certificates of Obligation, or General Obligation Bonds, which must have voter approval. Historically, the City does Certificates of Obligation.

The State is proposing to do away with all types of Certificates of Obligation bonds, except for certain things and in limited situations. The City has been told, this law will probably pass at the State level. If it does, it would become effective on September 1, 2023, and there could be a "mad-dash" by cities, which would drive the rates up. He asked if the Council would like to consider a CO bond issue earlier to beat the rush.

Mr. Hefton discussed Greater Texoma Utility Authority Contractual Debt that is currently outstanding. There is currently \$280 million in outstanding Utility debt. The City doesn't have control over utility

COUNCIL MINUTES – APRIL 20, 2023

revenues, how much someone actually uses, but they do have control over the rates. He presented a list of projects, but said the staff is working daily on the timing of the projects. One of the main needs is for an Industrial Sewer Treatment Plant. The current plant is a biological plant, that depends on bacteria, and the new type of waste that would be sent to the plant would kill the bacteria. The new Industrial Plant is needed, it's just a question of when it will be needed. There is also a question as to when the upgrades need to be done to the existing plant.

Mr. Hefton said the City currently doesn't have the revenues to support all of this. He asked the Council to consider pursuing a different rate structure on the water and sewer rates. He presented the current water rate model, that has been used for many years. It consists of a base charge and a volume charge. The base charge is fixed, depending on the meter size, and the volume charge is set whether you use one gallon or 10 million gallons, at today's rate of \$3.58 for each 1,000 gallons. The sewer rate also has a base rate and a volume rate per gallon.

He presented a graduated rate that some other cities use, including the City of Richardson. They have a lower base rate than Sherman currently has, but they have a higher volume charge that is graduated on the volume of water used. This method applies the rates to the users that are driving the need for these projects. Basically, the need for the water and wastewater treatment expansions are not driven by the residential housing units, but by large commercial or industrial users. He asked that the staff pursue a similar plan to present for Council consideration at the Budget Work Shop. They will ask Wildan to come up with a new structure, based on assumptions of what the cost will be, especially the capital costs.

Mr. Hefton said, currently about 93% of the utility accounts in Sherman are single-family residential type accounts. Only 7% are above the 10,000-gallon range. Only one-third of 1% are over the 300,000-gallon range. Above that are industries, apartment complexes, or very large commercial businesses. The 52 customers that fall into the one-third of 1% customers, generate about half of Sherman's revenues.

Other things that the staff is doing to help manage the debt service includes capitalized interest; accumulating reserves; timing of debt issuances; separating debt issuances; utility rate structure changes; and the use of other revenues, such as impact fees, SEDCO, and the transfer between funds.

Mr. Hefton reiterated the challenges for the FY 2026 through FY 2029 Budgets. In the General Fund, paid by property taxes, the challenges include debt service, accumulating higher reserves, and adopting prior year rates. Significant challenges for the Utility Fund are \$500 million to \$700 million in projects in the next three years, and revenues coming on after the debt service starts, especially causing problems in FY 2026 through FY 2029.

He presented the FY 2024 Work Plan for both operations and CIP in the General Fund, Utility Fund, and Solid Waste Fund. Besides the items already discussed, Mr. Hefton did not expect a rate change in the solid waste rates. The staff will also review market adjustments and a cost of living increase for employees. Very few positions will be added for FY 2024, and they will focus on the Police and Fire Department compensation plan.

For utility operations, they expect to build reserves, consider a rate adjustment to cover operations, and continue planning for the utility system. Consideration of facilities include a new City Hall and construction at Central Fire Station. The November 2023 Election will include the renewal of the Street Sales Tax, and there will be a better program for the 2023-2026 CO Bond package issue, which will include streets, Police Department commitments, parks, Central Fire Station, possibly City Hall, and major utility projects.

COUNCIL MINUTES – APRIL 20, 2023

Mr. Hefton said he had spoken individually with each Council Member to determine their concerns for the budget. Downtown issues were very important, and the staff will present efforts on recruitment and activities downtown. This would be beyond the normal tourism efforts and would include recruitment and expanded economic development issues.

Mr. Hefton asked for Council direction on the following items.

- Utility rate structure change to volume-based? (Yes)
- Property tax rate increased to below adjusted VAR? (Council Member Teamann - No; Others - Bring Back for Discussion)
- 2023 CO Issuance:
 - Pursue early (May)?
 - More Parks \$\$?
 - Other adds/deducts?

Council Member Teamann wanted to be sure that the City continues on the plan for the streets, and that we “take care of what we’ve got” before anything else is taken on. Mr. Hefton said, for the drivers of cost, they should make sure that “development is paying for development,” through rates or fees, or whatever.

COUNCIL COMMENTS

There were no Council comments.

EXECUTIVE SESSION

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No Executive Session was needed.

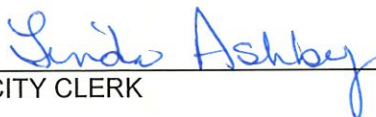
ADJOURNMENT

There being no further business to come before the City Council, motion was duly made and approved to adjourn the Called Meeting at 1:07 p.m.



MAYOR

ATTEST



CITY CLERK



Budget Planning Meeting

April 20, 2023

AGENDA

FY2023 Work Plan Update

Financial Update – Operations

Long-term Planning – CIP, Bonding Capacity and Debt Update

FY2024 Workplan and Budget Focus

Council Input

Work Plan Update



Work Plan Summary for FY2023

Compensation/Staffing

- 5% COLA, evaluate mid-year
- Market adjustments, as needed
- HSA contribution
- Significant staffing as presented
- PD and FD Plan

★ Completed
★ In-progress
★ Delayed
★ Postponed

Facilities/CIP

- FD renovations, esp combine Stn 1 & 2
- Various General and Utility CIP projects – more detail at CIP Meeting in May
- City Hall Planning

Planning & Operations

- Utility rate proposed adjustment - multi-year adoption
- FD Staffing and operational changes
- Rec facility planning

Work plan Summary for FY2023

(continued)

Planning and Operations (cont.)

- ★ Enhanced Street rebuild program via CO Bond proceeds
- ★ Fleet and equipment purchases
- ★ Tax note financing for various equipment/projects
- ★ Enhanced City cleanup
- ★ Downtown focus:
 - ★ Parking
 - ★ Retail/Restaurant
 - ★ Infrastructure
- ★ CSW Rate adjustment
- ★ Streets – CIP (CO Bond) crew + Pothole crew, more mat'ls \$\$
- ★ Increased environmental abatement budget
- ★ Development Standards revisions

Major General CIP Projects

- ★ Completed/Substantial
- ★ In-Progress
- ★ Delayed/No progress
- ★ Postponed

- ★ Lamberth Rd West
- ★ Auditorium Chiller
- ★ Progress Drive – Flanary to Progress Rail
- ★ Flanary Rd – FM1417 to Progress
- ★ FM1417 ROW – SH56 to W. Travis
- ★ Moore Street – W Travis to FM 1417
- ★ Moore Street – Park St to power easement
- ★ Friendship ROW – Hickory Hill
- ★ Taylor/McGee Extension
- ★ Recreation Center Study
- ★ MLK Restrooms
- ★ Comp Master Plan
- ★ City Hall feasibility
- ★ Fairview Basketball and Pickleball
- ★ Beach Club Blvd
- ★ Shepherd Rd
- ★ Bel Air Blvd – Phase II
- ★ Pecan Grove West lighting/shade structures/electrical
- ★ Police HQ
- ★ Fire Station 1&2 combination
- ★ Fairview Park Restroom/Concession

Major General CIP Projects

(continued)

 Completed/Substantial
 In-Progress
 Delayed/No progress
 Postponed

-  Northcreek Subdivision Park
-  Asphalt Pump Track – Binkley Park
-  Shark Tooth Park design
-  Master Plan trail construction
-  Center Street Bridge
-  Sherman Street Improvements
-  Hospital Road construction
-  OB Groner design – west of FM1417
-  McGee Street bridge design
-  Future land needs
-  Blanton St Drainage – Birge to McGee
-  CIP Crew - Streets

FY2023 Budget - Rates

General Fund

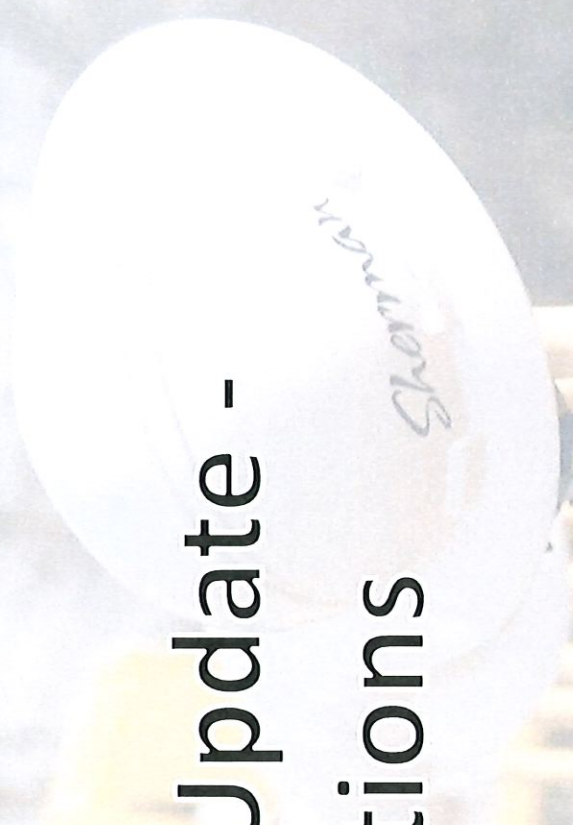
- ★ Tax rate lowered to \$.4699 (unadjusted Voter Approval Rate)

Utility Fund

- ★ 4.6% Rate adjustment for FY23, according to 5-year plan

Solid Waste Fund

- ★ No change in SW rates

A white hard hat with the name 'Sherrill' written in black marker on its side. The hard hat is resting on a wooden surface, possibly a table or bench. The background is a blurred indoor setting with wooden beams and a framed picture on the wall.

Financial Update - Operations

Financial Update Summary - Operations

General Fund

- FY2022 ending reserves \$1.2M above FY2021
- 108 days at 9/30/22
- FY2023
 - Reserves – Slightly above FY2022
 - Revenues – Sales Tax
 - Expenses – Personnel, Software, Fleet

Financial Update Summary - Operations

Continued

Utility Fund

- FY2022 ending reserves up \$2.2k from FY2021
- Cumulative effect of dry summers in FY 2021 & FY2022
- FY2023 projected revenue \$0.3 million over budget; expenses \$0.5 million above due to well repairs, fleet
 - “Normal” year projected

Solid Waste Fund

- FY2022 ending reserves up about 780k
- FY2023
 - Projected revenues above budget - CSW
 - Expenses above budget – software purchase from last year’s budgeted funds

Financial Update Summary - Reserves

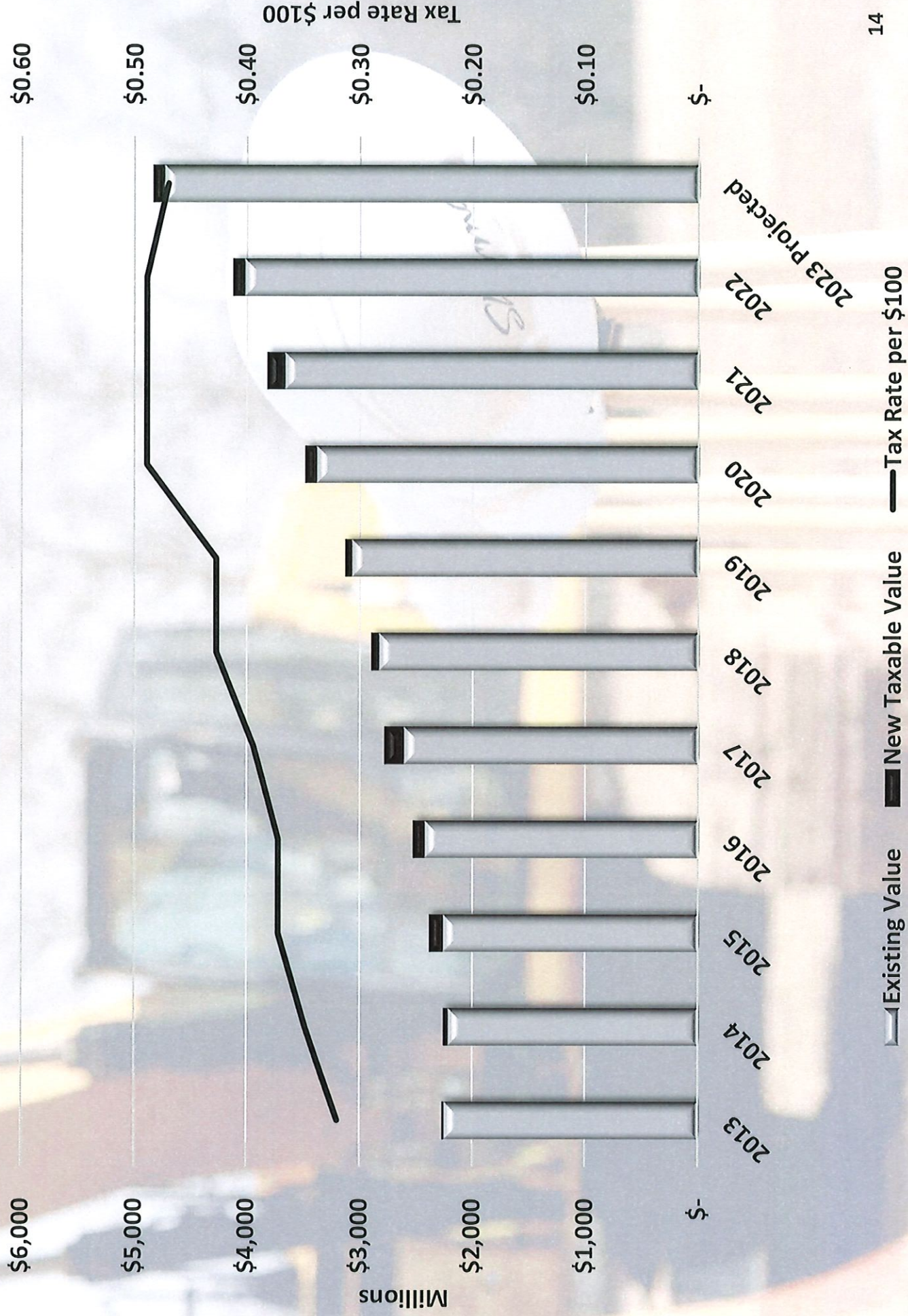
Projected Fund Balances as of Sept. 30, 2023

- General Fund - \$14.6 million
 - \$2.9 million above FY23 adjusted budget
 - 96 days reserves
- Utility Fund - \$5.8 million
 - \$1 million above FY23 budget
 - 74 days reserves
- Solid Waste Fund - \$1.7k
 - \$300k above FY23 budgeted – CSW revenue
 - 71 days reserves

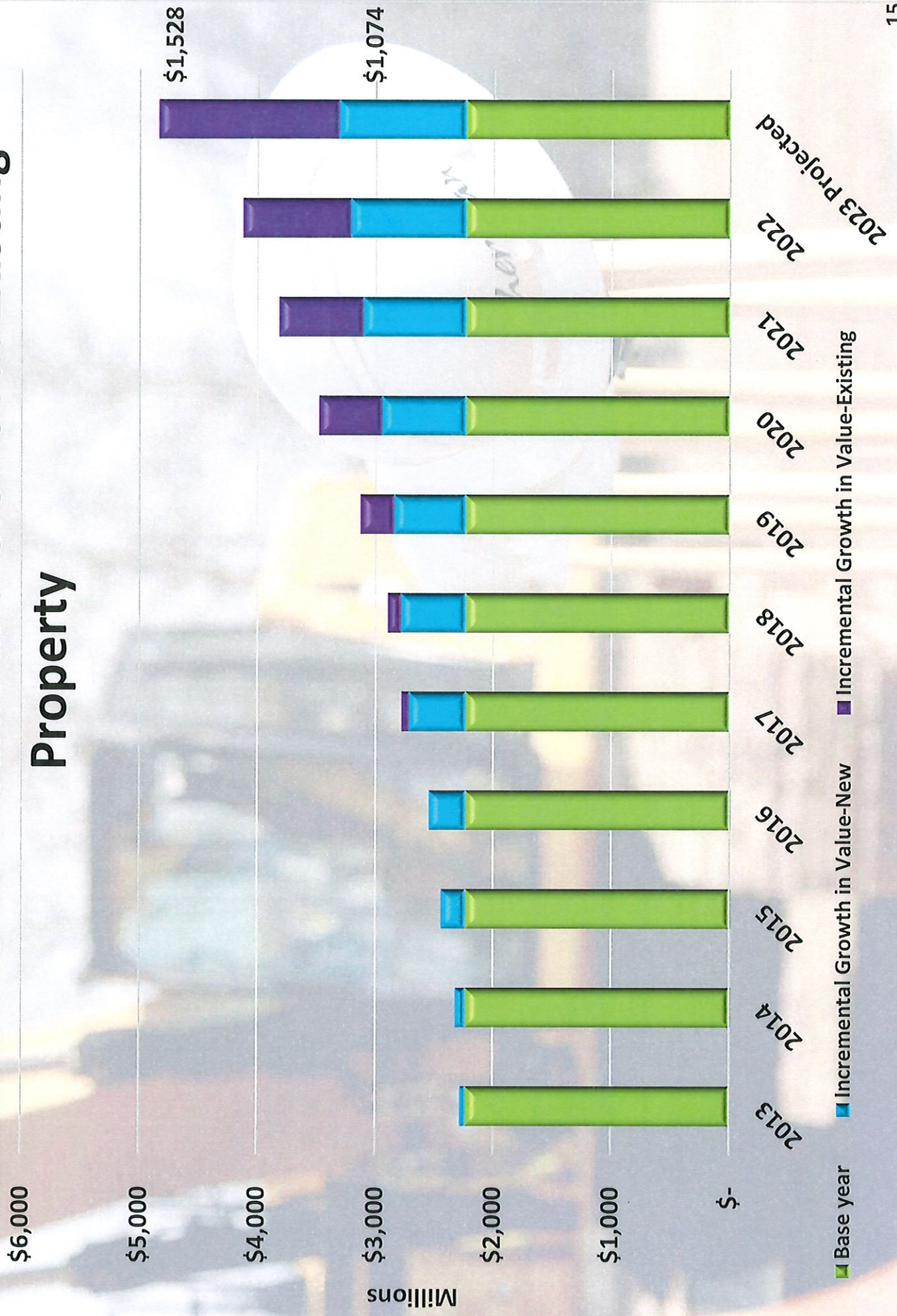
City of Sherman GENERAL FUND

	Actual 2021-2022	Adjusted Budget 2022-2023	Projected 2022-2023
Beginning Fund Balance	\$ 13,004,657	\$ 11,837,249	\$ 14,194,692
Revenues			
Property Tax	11,932,498	12,038,400	12,313,400
Sales Tax	23,875,173	28,047,000	29,005,000
Franchise Tax	3,133,388	3,021,000	3,236,000
Other Taxes	177,946	164,300	179,095
Fines & Penalties	413,905	366,800	506,800
Recreation	360,684	384,500	384,500
Licenses & Permits	1,096,610	2,341,200	2,341,200
Rentals	12,526	10,450	10,450
Cemetery	218,179	221,600	221,600
Sales & Service	1,196,631	1,492,000	1,492,000
Ambulance Service	1,669,394	1,402,400	1,402,400
Interest Income	29,298	75,000	75,000
Grant Revenue	989,679	9,000	9,000
Intergovernmental	232,949	169,482	169,482
Miscellaneous Revenue	392,893	206,200	206,200
Total Revenues	45,731,753	49,949,332	51,552,127
Transfers In	3,358,139	4,249,742	4,452,033
Total Revenues and Transfers In	49,089,892	54,199,074	56,004,160
Total Funds Available	62,094,550	66,036,323	70,198,852
Expenditures			
Personnel	32,939,438	36,724,590	37,132,590
Supplies	1,971,069	2,079,918	2,129,918
Repair & Maintenance	1,760,563	2,737,418	2,737,418
Utilities	1,042,514	1,217,250	1,217,250
Information Technology	1,046,518	1,259,265	1,259,265
Services & Charges	4,135,552	5,345,178	5,869,178
Vehicle Usage	2,196,212	2,239,270	2,239,270
Capital Expenses	376,335	1,100,050	1,137,350
Fleet Services & Charges	1,021,658	1,335,781	1,534,781
Transfers Out	1,410,000	375,000	375,000
Total Expenditures	47,899,858	54,413,720	55,632,020
Excess Revenues over Expenditures	1,190,035	(214,646)	372,140
Ending Fund Balance	14,194,692	11,622,603	14,566,833

New Value and Growth in Existing Property



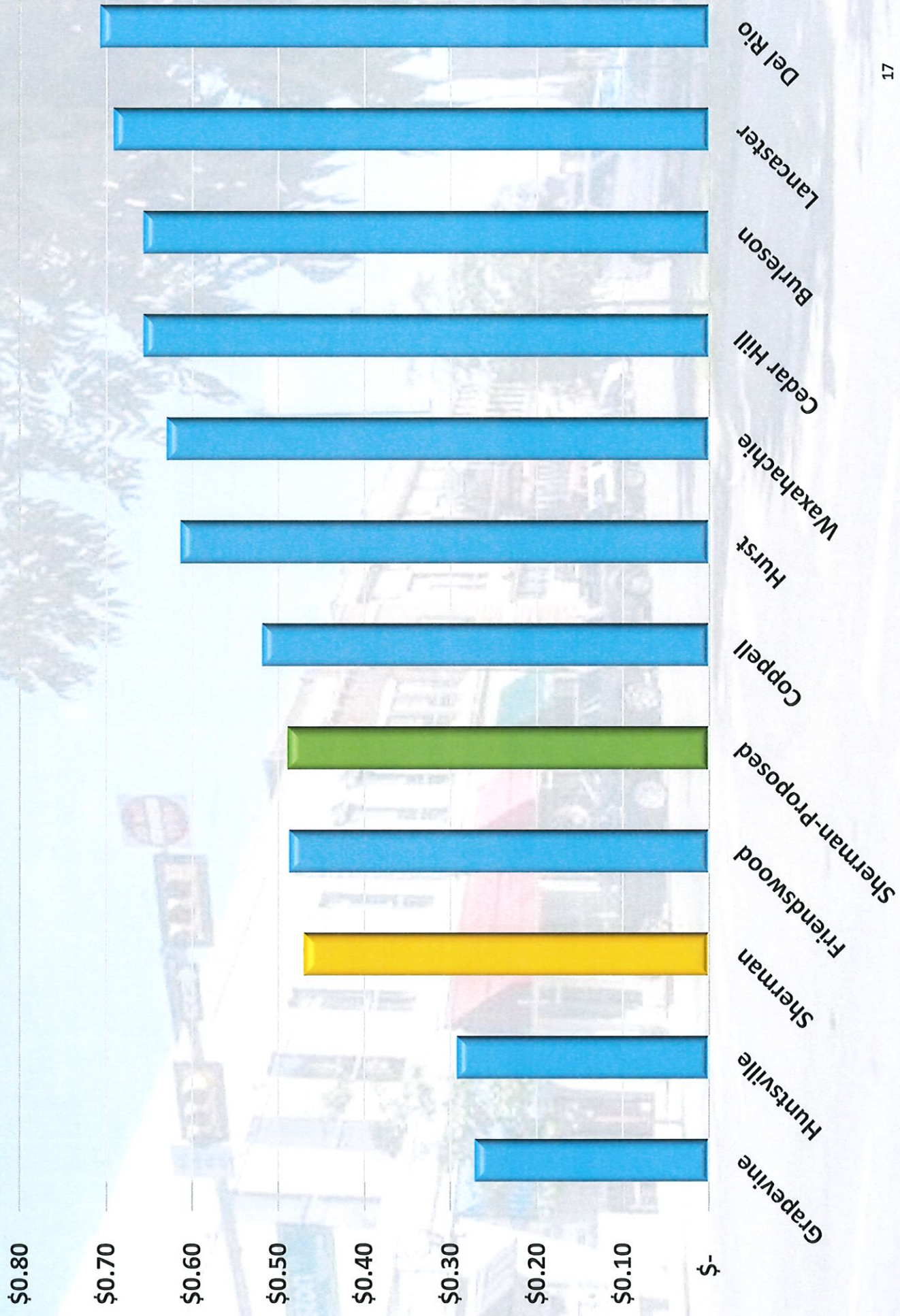
Cumulative New Value and Growth in Existing Property



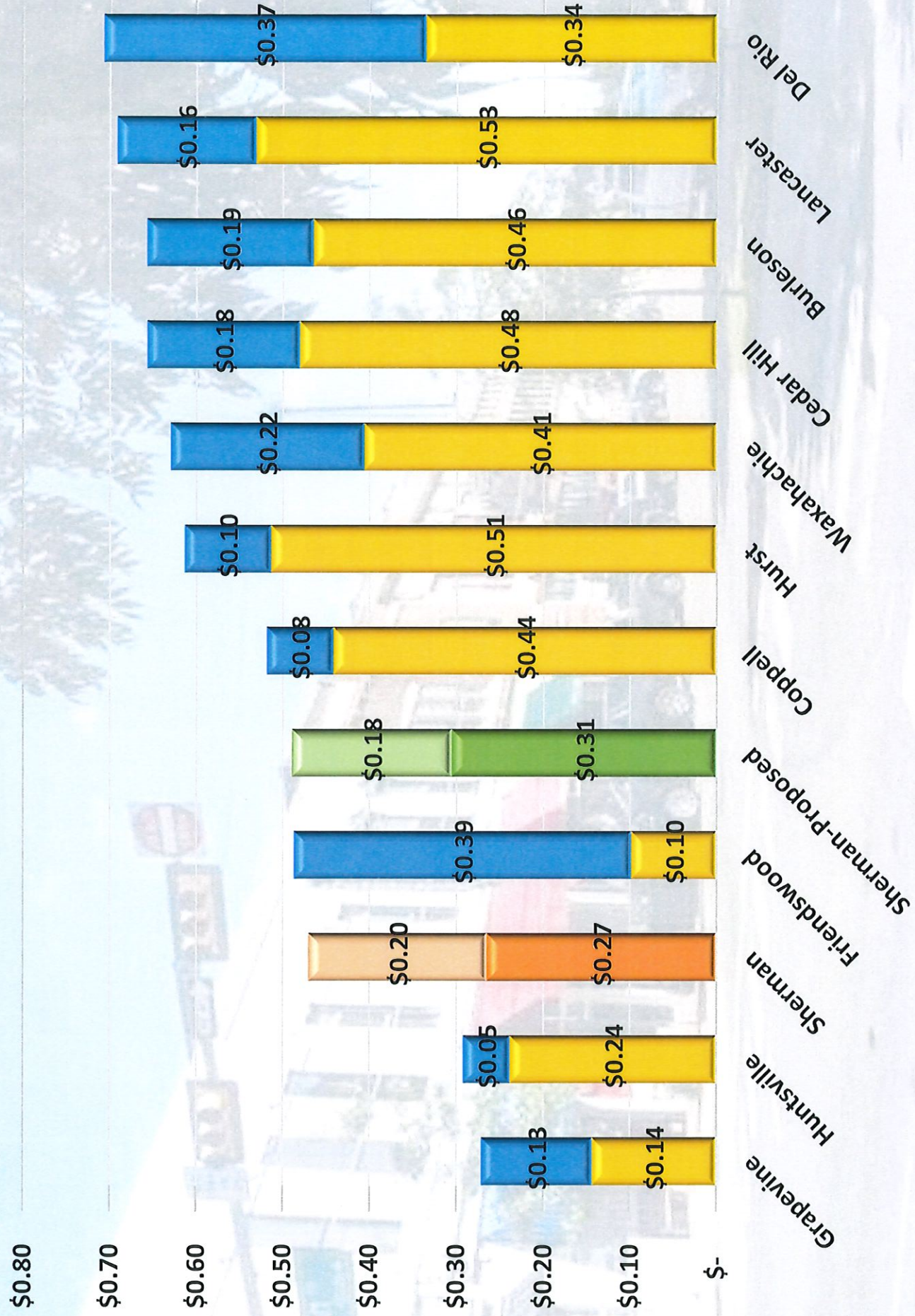
Property Tax Rates



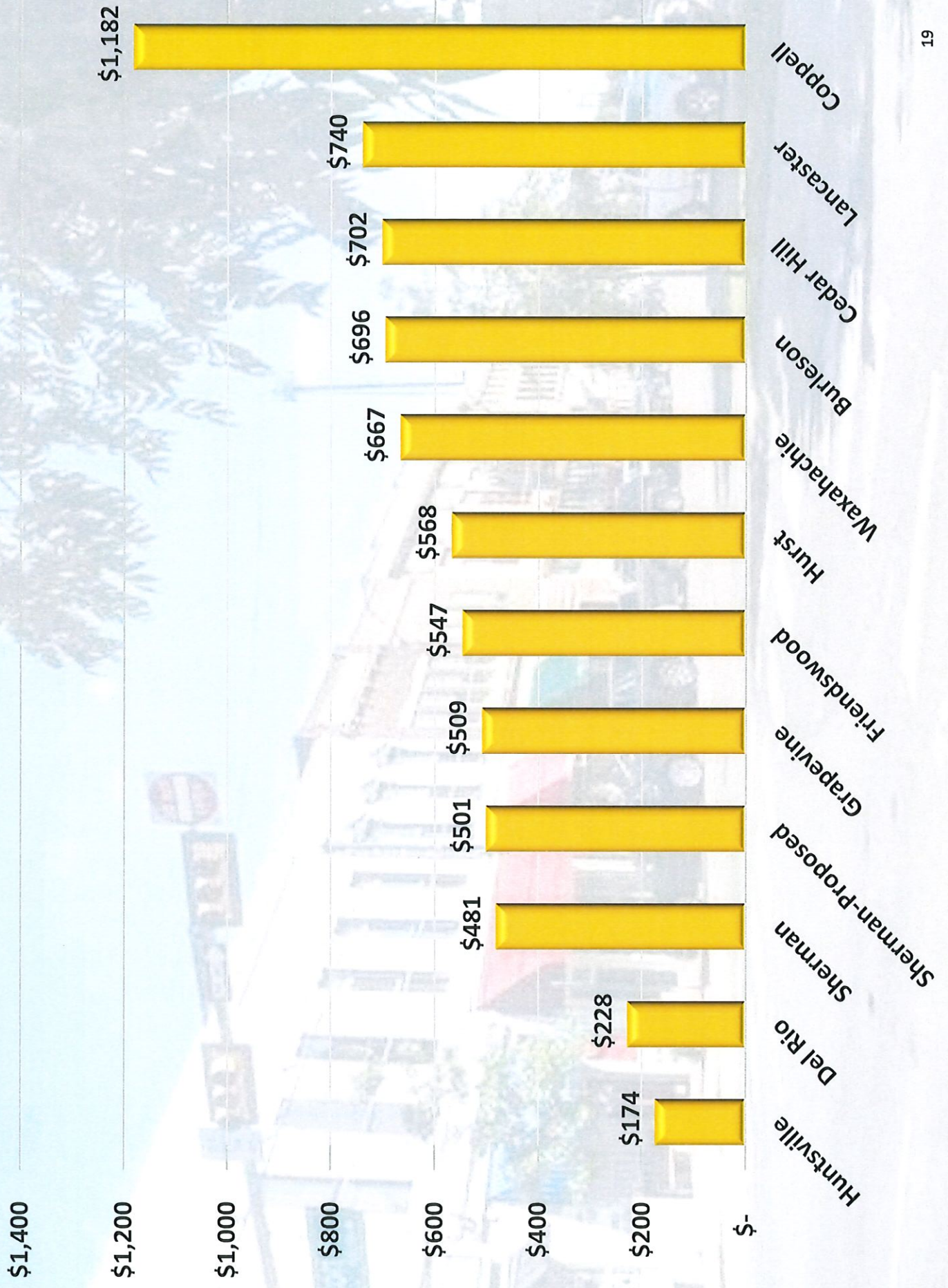
Property Tax Rates of Similarly Sized Cities



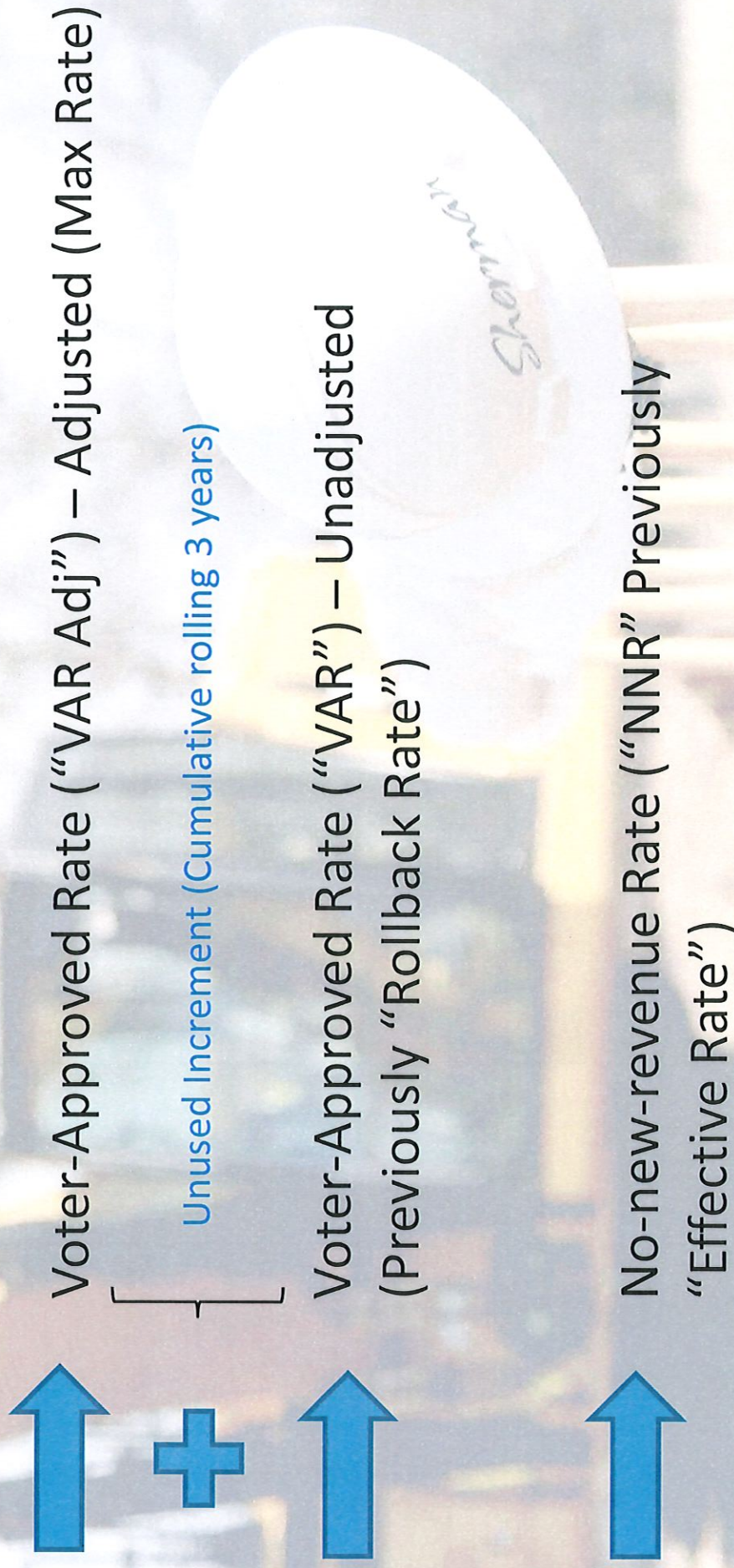
Property Tax Rates of Similarly Sized Cities



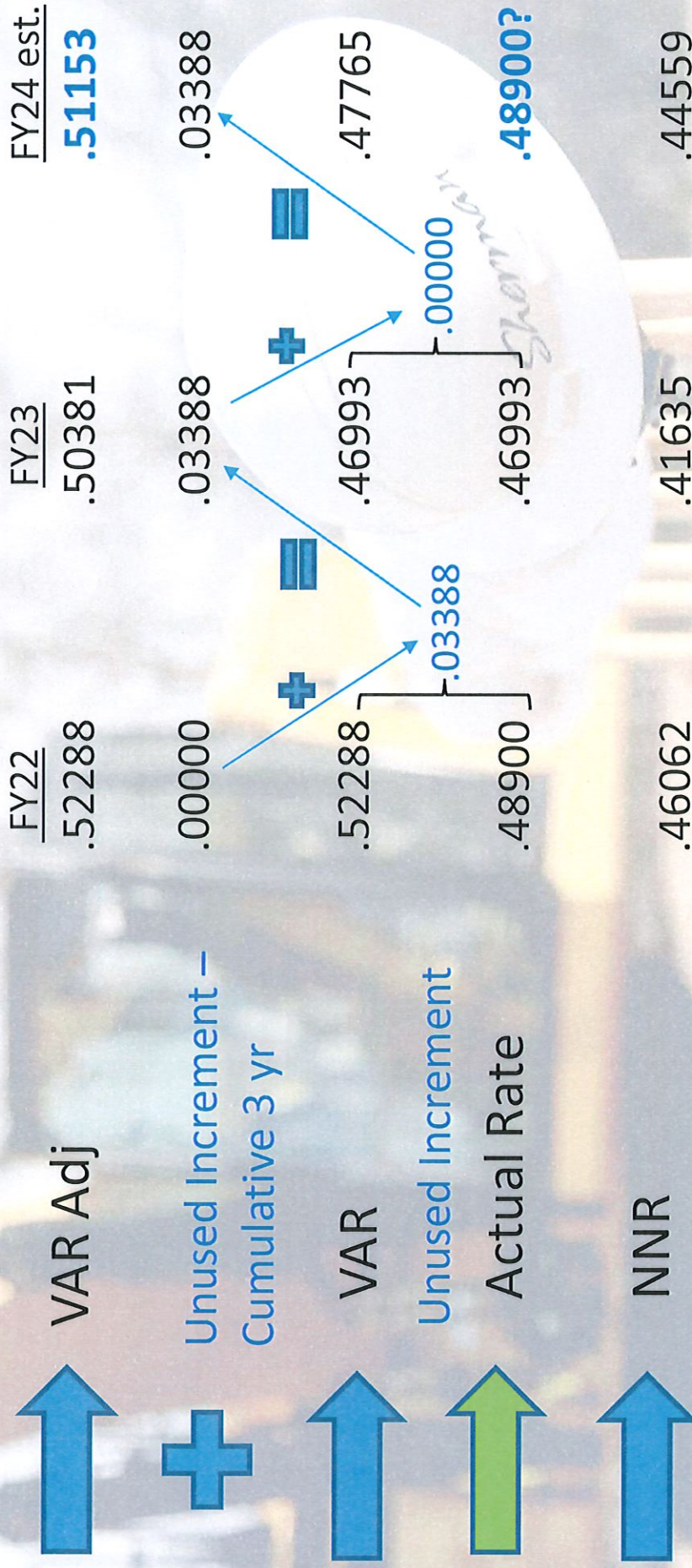
Per Capita Property Tax



Tax Rate Management in Texas

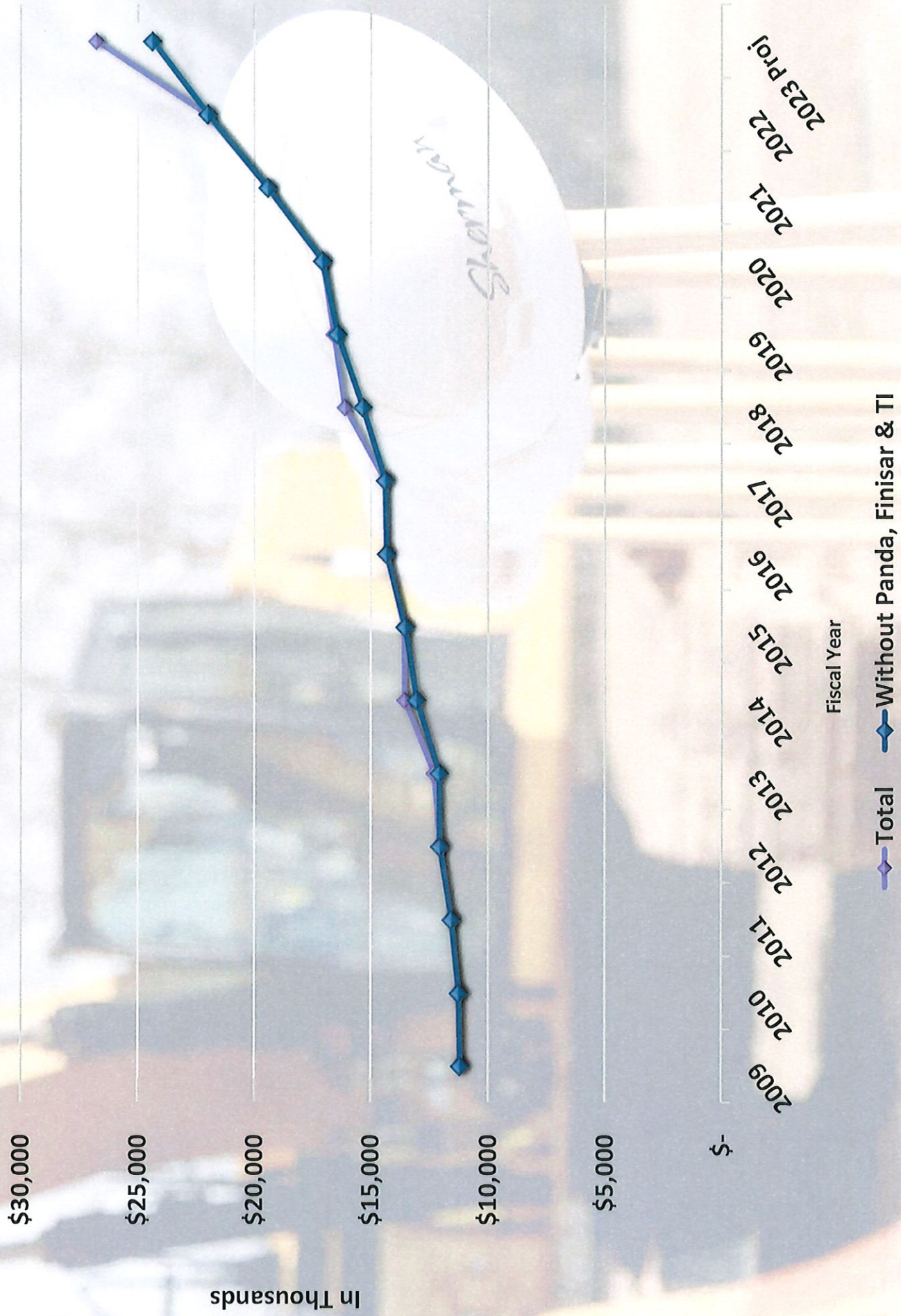


Tax Rate Management in Sherman



Sales Tax History

(excluding Street tax)



Sales Tax

\$30,000

\$25,000

\$20,000

\$15,000

\$10,000

\$5,000

\$-

Thousands

Annualized Growth since 2014 = 7.9%



2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 Projected

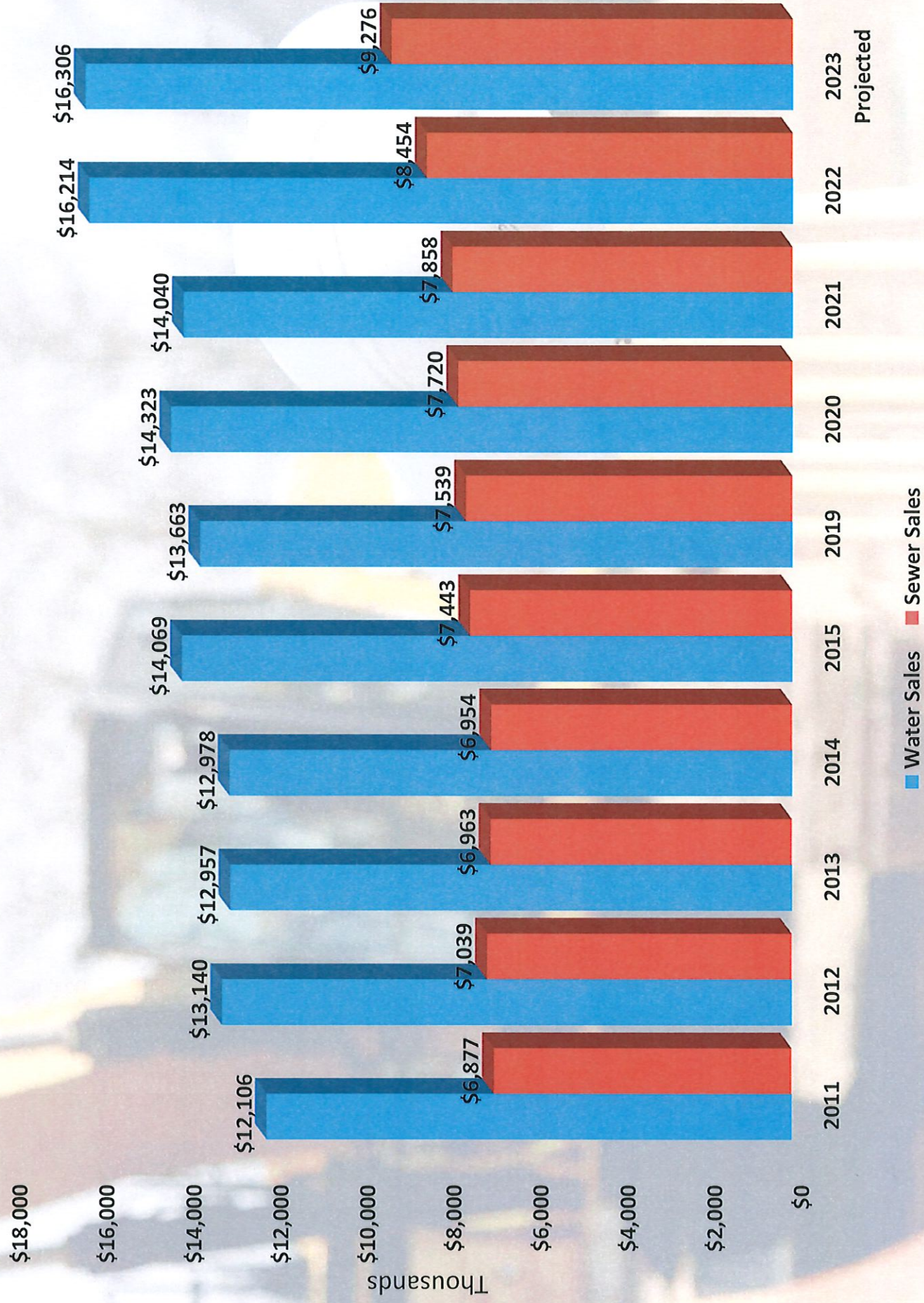
Regular Sales Tax Sales Tax in Lieu of Property Tax Street Sales Tax

Street Sales Tax

City of Sherman UTILITY FUND

	Actual 2021-2022	Adjusted Budget 2022-2023	Projected 2022-2023
Beginning Reserve	\$ 4,314,181	\$ 5,268,132	\$ 6,537,172
Revenues			
Water Sales	16,213,774	16,411,000	16,306,000
Sewer Sales	8,454,411	8,835,000	9,276,000
Laboratory	117,910	260,430	260,430
Service Charges & Penalties	670,961	655,000	655,000
Charges for Services	379,888	168,200	168,200
Interest Income	46,785	25,000	25,000
Intergovernmental	408,485	817,146	817,146
Grant Revenue	159,979	-	-
Miscellaneous Revenue	92,468	76,500	76,500
Total Revenues	26,544,659	27,248,276	27,584,276
Transfers In	183,000	406,000	406,000
Total Revenues and Transfers In	26,727,659	27,654,276	27,990,276
Total Funds Available	31,041,840	32,922,408	34,527,448
Expenditures			
Personnel	6,777,683	7,957,960	7,957,960
Supplies	1,472,257	1,858,554	1,858,554
Repair & Maintenance	2,228,091	2,757,607	3,057,607
Utilities	1,449,358	1,858,230	1,858,230
Information Technology	295,012	332,630	332,630
Debt Service	6,982,667	6,937,482	6,937,482
Services & Charges	1,592,202	1,730,879	1,730,879
Vehicle Usage	576,529	631,190	631,190
Fleet Services & Charges	388,457	580,184	668,184
Capital Expenses	316,412	765,492	765,492
Total Expenditures	22,078,669	25,410,208	25,798,208
Transfers Out	2,426,000	2,775,000	2,927,112
Total Expenditures and Transfers Out	24,504,669	28,185,208	28,725,320
Excess Revenues over Expenditures	2,222,991	(530,932)	(735,044)
Ending Reserve	\$ 6,537,172	\$ 4,737,200	\$ 5,802,128

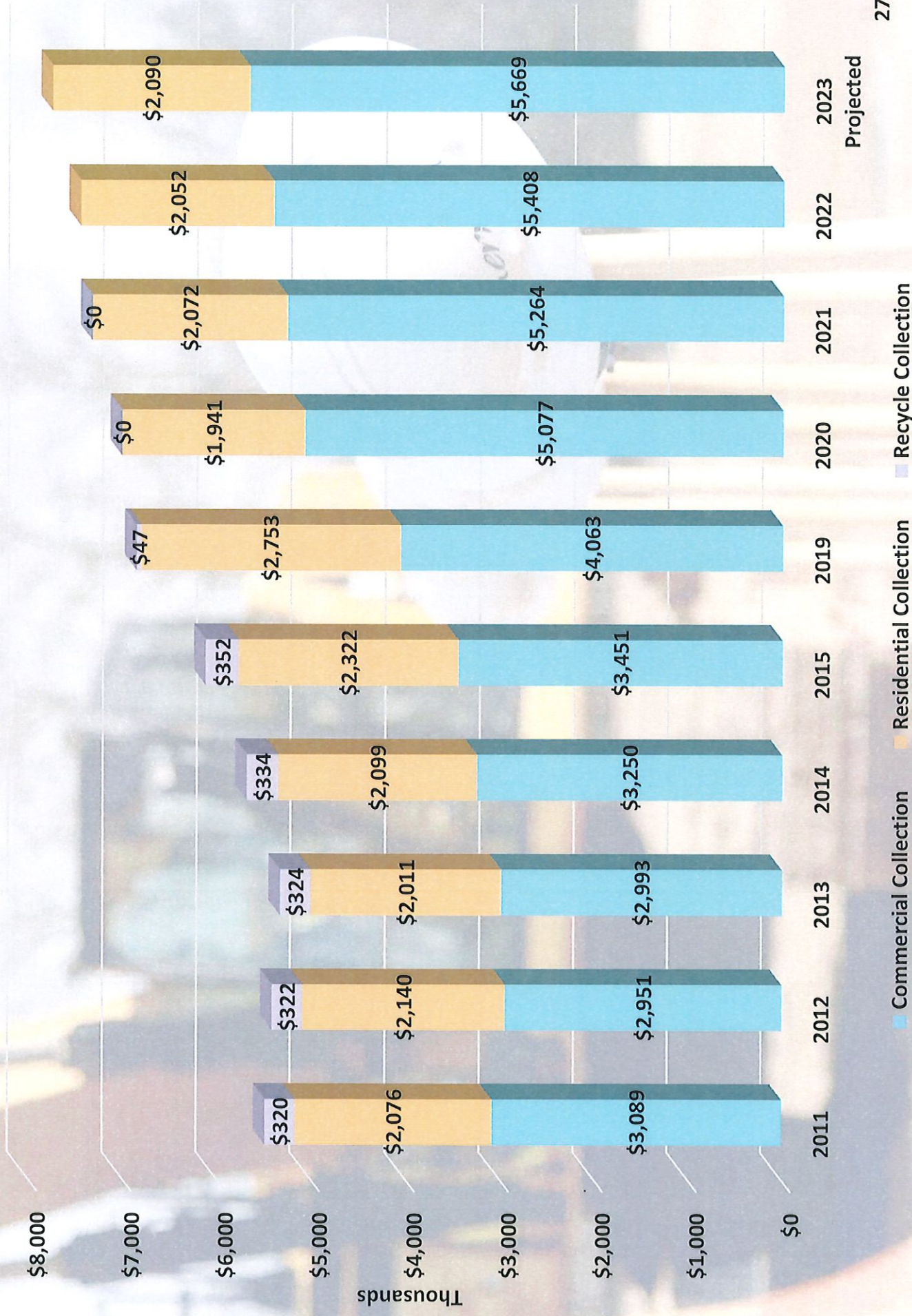
Water and Sewer Revenues



City of Sherman SOLID WASTE FUND

	Actual 2021-2022	Adjusted Budget 2022-2023	Projected 2022-2023
Beginning Fund Balance	\$ 1,110,013	\$ 1,663,043	\$ 1,890,456
Revenues			
Solid Waste Service	7,460,278	7,556,000	7,759,000
Service Charges & Penalties	121,051	125,000	125,000
Interest Income	19,368	1,200	1,200
Miscellaneous Revenue	882,440	760,000	760,000
Transfers In	-	-	-
Total Revenues	8,483,137	8,442,200	8,645,200
Total Funds Available	9,593,149	10,105,243	10,535,656
Expenditures			
Personnel	1,931,104	2,256,440	2,256,440
Supplies	200,912	318,093	318,093
Repair & Maintenance	63,297	59,908	59,908
Utilities	36,859	46,990	46,990
Information Technology	86,951	100,470	100,470
Services & Charges	2,194,259	2,608,436	2,745,082
Vehicle Usage	1,342,004	1,493,660	1,493,660
Capital Expenses	126,385	123,650	123,650
Fleet Services & Charges	605,784	374,527	374,527
Transfers Out	1,115,139	1,303,716	1,303,716
Total Expenditures	7,702,694	8,685,891	8,822,537
Excess Revenues over Expenditures	780,443	(243,691)	(177,337)
Ending Fund Balance	\$ 1,890,456	\$ 1,419,352	\$ 1,713,119

Solid Waste Revenues



Group Health Fund Claims History



City of Sherman
EMPLOYEE INSURANCE FUND
2023-2024 Annual Budget

	Actual 2021-2022	Budget 2022-2023	Projected 2022-2023
Beginning Fund Balance	\$ 511,656	\$ 374,093	\$ 507,106
Revenues			
Employer Contributions	3,819,919	4,847,750	4,692,000
Employee Contributions	922,969	975,000	1,083,000
Retiree Contributions	196,221	200,000	179,000
COBRA Contributions	5,114	2,000	2,000
Miscellaneous Revenue	-	-	-
Interest Income	19,739	2,500	2,500
Total Revenues	4,963,962	6,027,250	5,958,500
Total Funds Available	4,963,962	6,027,250	5,958,500
Expenditures			
Health Insurance Claims	4,011,818	4,929,000	5,700,000
Administration & Premiums	914,647	1,233,000	1,233,000
Life Insurance Premiums	42,047	43,000	58,000
Transfers Out	-	-	-
Total Expenditures	4,968,512	6,205,000	6,991,000
Excess Revenues over Expenditures	(4,550)	(177,750)	(1,032,500)
Ending Fund Balance	\$ 507,106	\$ 196,343	\$ (525,394)



Long-Term Planning Discussion – CIP, Bonding Capacity and Debt Update

Key Take-Away

The Problem: Massive amount of capital projects over next 3-4 years are creating extreme pressure on General Fund and Utility Fund, especially through 2030

The Questions:

General Fund –

- (1) Is the tax rate going to be sufficient for debt service?
- (2) Can some projects be delayed?

Utility Fund – Because volumes are NOT sufficient to generate needed revenues, can we adjust rate structure for large users who are driving need for system expansion?

CIPS



City of Sherman
GENERAL IMPROVEMENT FUND – City Funds

	Actual 2021-2022	Total Project Budget	Project-to-Date 3/31/2023
Transportation			
Projects			
(1) Latex Printer Sign Shop	\$ 18,165	\$ 18,165	\$ 18,165
(1) Sign Table	17,795	17,795	17,795
(1) Wanco Message Boards	34,082	34,082	34,082
(1) Bel Air Blvd Construction Ph I	1,002,406	1,500,000	1,255,797
(1) Quail Run Extension	-	250,000	250,000
(1) Pebblebrook Ph IV Drainage	-	545,000	287,697
Total	1,072,449	2,365,042	1,863,537

Funding Sources
 (1) General Fund transfers/Land sales

2,365,042

Parks and Recreation

Projects			
(2) Pecan Grove West Electrical Upgrade	21,369	35,000	21,369
(2) Trail Development The Grove Expand Fairview tennis courts;	-	-	-
(1) pickleball; basketball	-	507,000	235,087
Pecan Grove West Trail, Shading and			
(1) Lighting	-	1,350,000	21,240
(1) Recreation Center Study	8,473	40,000	30,100
(2) Quail Run Park	-	250,000	250,000
Total	29,842	2,182,000	557,797

Funding Sources
 (1) General Fund transfers/Land sales
 (2) Tax Notes

1,897,000

285,000

2,182,000

City of Sherman
GENERAL IMPROVEMENT FUND – City Funds

	Actual 2021-2022	Total Project Budget	Project-to-Date 3/31/2023
Facility Maintenance			
Projects			
(1) Auditorium Chiller	-	188,000	-
(1) Design of Dog Bldg	-	10,000	-
(1) Replace Animal Services Storage Bldg	-	42,000	41,943
(2) Outdoor Chapel	-	45,000	-
Total	-	285,000	41,943
Funding Sources			
(1) General Fund transfers/Land sales		240,000	
(2) Tax Notes		45,000	
		285,000	

Public Safety			
Projects			
(2) Bay Doors at Sta 1,2,3, & 5	73,448	94,000	73,448
(2) Enclose Carport Sta. 5.5	14,800	20,000	14,800
(2) Front Fence & Gate for Sta 5.5	20,096	20,100	20,096
(2) Privacy Fence Sta 3	16,660	19,900	16,660
Emergency Backup Generators at Sta 3			
(1) & 5	-	125,000	-
(1) Call Recording Software	-	170,000	-
(1) Watchguard video evidence platform	92,796	294,376	286,381
(1) Replace Fiber from Muni to PD	-	-	-
Total	217,800	743,376	411,385
Funding Sources			
(1) General Fund transfers/Land sales		589,376	
(2) Tax Notes		134,100	
		723,476	

City of Sherman
GENERAL IMPROVEMENT FUND – City Funds
(continued)

	Actual 2021-2022	Total Project Budget	Project-to-Date 3/31/2023
Other			
Projects			
Airport Pavement Maintenance-City			
(1) match	-	182,500	-
(1) Land Sale at W. Travis & FM 1417	1,947	-	8,125
Total	1,947	182,500	8,125
Funding Sources			
(1) General Fund transfers/Land sales		182,500	
Total Expenditures	\$ 1,322,037	\$ 5,757,918	\$ 2,882,786

City of Sherman
GENERAL IMPROVEMENT FUND – Bond Funds

		Actual 2021-2022	Total Budget	Project-to-Date 12/31/2022
Transportation				
Projects				
(1) Taylor St Extension Eng & ROW/McGee St Ext	\$	1,209,389	\$ 2,500,000	\$ 2,389,394
(1) FM 1417 (82 to 56) Eng, ROW & Match		18,824	5,400,000	5,385,898
(1) Travis St West		-	9,600,000	9,746,421
(1) Lamberth Rd Thoroughfare		289,141	5,400,000	720,711
(1) Friendship ROW 56 to Lamberth		188,378	3,150,000	947,918
(1) Park Ave Realignment		165,701	2,000,000	2,105,391
(1) Ramp Reversal Northbound 75 at FM 1417		-	2,500,000	2,523,963
(1) TxDOT 1417 & W. Travis Intersection		1,040	1,950,000	1,957,444
(1) Flanary Rd and Progress Rd Engineering		-	200,000	171,244
(1) Moore Street		2,872,102	9,900,000	5,970,828
(1) Steeplechase Dr Extension		-	500,000	120,894
(1) Hilre Drive Extension		246,742	500,000	449,406
(1) FM 1417 design/ROW - SH 56 to W. Travis		73,594	3,600,000	381,592
(1) Shepherd Dr		260,092	13,100,000	637,927
(1) Bel Air Blvd Construction Ph II		-	8,130,000	258,525
(1) Major Street Rebuilds		-	1,500,000	-
(2) Flanary Rd Alignment Study		135,259	254,185	248,789
(1) Sherman St Improvements		-	500,000	61,657
(2) Progress Drive		-	2,100,000	-
(2) Flanary Road		-	4,500,000	-
(1) Beach Club Blvd		-	2,600,000	-
(1) Hospital Road Construction		-	750,000	-
(1) OB Groner - west of FM 1417 Design		-	500,000	-
(1) FM 1417 Design/ROW - Hwy 75 to RR		-	550,000	-
(1) Blanton St Drainage-Birge to McGee		-	500,000	-
(1) CIP Crew		-	600,000	-
(1) Center St Bridge at Post Oak Creek		-	750,000	-
(1) Bridges-Center/McGee/Travis		584,921	1,000,000	788,360
(1) McGee St Bridge		-	150,000	-
(1) Hickory Hill		-	2,374,400	100,800
(1) FM 1417 signal at Bel Air Blvd Design		-	500,000	-
Total		6,045,184	87,558,585	34,967,161

City of Sherman

GENERAL IMPROVEMENT FUND – Bond Funds (continued)

	Actual 2021-2022	Total Budget	Project-to-Date 12/31/2022
Parks and Recreation			
Projects			
(1) Asphalt Pump Track at Binkley Park	-	350,000	-
(1) Ballfield and Trail Lighting at PGW	-	1,350,000	21,240
(1) Design "Shark Tooth Park"	-	150,000	-
(1) Electrical at PGW	-	175,000	-
(1) Master Plan Trail Construction	-	750,000	4,383
(1) Northcreek Subdivision Park	-	500,000	-
(1) Restroom and Concession at Fairview Park	-	500,000	-
(1) Trail Lighting and Restroom and PGE	-	650,000	-
Total	-	4,425,000	25,623
Funding Sources			
(1) Certificates of Obligation	-	4,425,000	
(3) Grant		-	
Total		4,425,000	
Facility Maintenance			
Projects			
(2) Land for Future City Facilities	-	2,000,000	10,000
Total	-	2,000,000	10,000
Funding Sources			
(2) Future CO Bond Issuance		2,000,000	
Total		2,000,000	
Public Safety			
Projects			
(1) New police HQ - Construction	11,118,489	17,600,000	17,073,610
(2) Combine Fire Sta. 1 & 2	-	4,500,000	32,241
(2) Public Safety Training Facility Design	-	250,000	-
Total	11,118,489	22,350,000	
Funding Sources			
(1) Certificates of Obligation		17,600,000	
(2) Future CO Bond Issuance		4,750,000	
Total		22,350,000	
Total Expenditures	\$ 17,163,674	\$ 116,333,585	\$ 35,002,784

Tax-Supported Debt

Sherman

Outstanding CO/GO Debt - Current

(in 000)

Description		Interest	Principal
2021 CO	\$	10,105 \$	28,035
2019 CO		8,075	17,690
2018 CO		8,347	17,420
2017 CO		6,482	15,935
2017 Refunding		1,490	6,560
2016 CO		1,488	6,010
2017 A Stormwater		1,113	3,430
2023 Tax Notes		6	38
2022 Tax Notes		152	1,182
2004 TIF #1 320		144	585
	\$	37,401 \$	96,884

CO Bond Summary

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.	177.80
Streets	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	Total
TxDOT 1417 & W. Travis Intersection	\$ -	\$ -	\$ -	\$ 1.95	\$ -	\$ -	\$ 1.95
TxDOT-Hwy 75 Gap Project	-	-	-	8.20	-	-	8.20
* TXDOT Ramp Reversal at 75/1417	-	2.50	-	-	-	-	2.50
Eng + ROW	1.60	-	2.40	1.35	-	-	5.35
Friendship Road - Eng, ROW & Construction	1.20	-	-	-	0.20	1.70	3.10
Lam berth Rd -Eng, ROW & Construction	0.80	-	-	-	-	4.60	5.40
Canyon Creek	2.60	-	-	-	-	-	2.60
Swan Ridge	0.10	-	-	-	-	-	0.10
TxDOT - FM 1417 56 to W. Travis ROW/Eng	-	-	0.90	-	0.70	2.00	3.60
Travis St West	0.60	4.50	3.40	1.10	-	-	9.60
Legacy Blvd	-	-	-	1.85	-	-	1.85
Beach Club Blvd	-	-	-	-	1.90	0.70	2.60
Bel Air Blvd Construction Ph II (excludes utilities)	-	-	-	-	-	6.50	6.50
Bel Air Land sale in TIRZ #7 (net with Bel Air Blvd)	-	-	-	-	-	(1.50)	(1.50)
Signal at FM 1417 & Bel Air Blvd (TxDOT)	-	-	-	-	-	0.50	0.50
Taylor/Washington Eng + ROW	-	1.20	-	0.80	0.50	-	2.50
* Northgate Drive	-	-	0.90	-	-	-	0.90
Moore St - W Travis to Park	-	-	-	2.10	-	-	2.10
Moore St - W Travis to FM 1417	-	-	-	-	2.80	-	2.80
Moore St - Park to Center St	-	-	-	-	2.20	2.80	5.00

CO Bond Summary (continued)

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.	177.80
	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	Total
Blanton St Drainage-Birge to McGee	-	-	-	-	-	0.50	0.50
CIP Crew - Dump Truck & Excavator; Personnel (one Year)	-	-	-	-	-	0.60	0.60
*Flanary Rd Alignment Study	-	-	-	-	-	0.30	0.30
*Flanary Engineering	-	-	-	0.20	-	-	0.20
*Flanary construction	-	-	-	-	-	4.50	4.50
*North-South Road	-	-	-	-	-	0.70	0.70
*Progress Construction	-	-	-	-	-	2.10	2.10
FM 1417 Design/ROW - Hwy 75 to RR	-	-	-	-	-	0.55	0.55
Hickory Hill Imp (MDA and Eng)	-	-	-	0.65	-	1.75	2.40
Hilre Drive Extension	-	-	-	0.50	-	-	0.50
Hospital Road Construction	-	-	-	-	-	0.75	0.75
Major Street Rebuild	-	-	-	-	1.50	-	1.50
Munson Planned Development	-	-	-	0.10	-	-	0.10
OB Groner west of FM 1417 Design	-	-	-	-	-	0.50	0.50
Park Ave Realignment (net)	-	-	1.90	0.10	-	-	2.00
Shepherd Rd Design	-	-	-	-	1.10	-	1.10
Shepherd Rd Design/Construction	-	-	-	-	-	12.00	12.00
Impact Fees - Shepherd Rd	-	-	-	-	-	(2.00)	(2.00)
Sherman St Improvements	-	-	-	-	-	0.50	0.50
Steeplechase Drive Ext	-	-	-	0.50	-	-	0.50
Total Streets	6.90	8.20	9.50	9.25	10.90	40.05	84.80

CO Bond Summary (continued)

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.
	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)
Facilities						
Library	-	-	2.00	-	0.50	-
Fire Station #4	-	3.10	0.30	0.60	-	-
Police Headquarters	-	-	-	-	17.60	-
Combine Sta #1 & #2	-	-	-	-	-	4.50
Land - future City facilities	-	-	-	-	-	2.00
City Hall	-	-	-	-	-	30.00
Public Safety Training Facility	-	-	-	-	-	0.25
Total Facilities	-	3.10	2.30	0.60	18.10	36.75
TIRZ						
TIRZ #5 Sherman Crossroads	-	3.90	-	-	-	-
TIRZ #6 Sherman Landing	-	3.10	-	-	-	-
TIRZ #7 Legacy Village	-	-	2.40	-	-	-
TIRZ #7 Exp Bel Air	-	-	-	-	-	-
Total TIRZ	-	7.00	2.40	-	-	-
Bridges						
Travis/Center/McGee	-	0.50	-	-	1.00	-
Center St Bridge at Post Oak Creek	-	-	-	-	-	0.75
McGee St Bridge Design	-	-	-	-	-	0.15
Total Bridges	-	0.50	-	-	1.00	0.90
						42

CO Bond Summary (continued)

	2016 C.O.	2017 C.O.	2018 C.O.	2019 C.O.	2021 C.O.	2023 C.O.	177.80
	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	Total
<i>Parks</i>							
Pecan Grove West Ballfields	-	-	5.00	-	-	-	5.00
Electrical at Pecan Grove West	-	-	-	-	-	0.20	0.20
Ballfield & Trail lighting at PGW	-	-	-	-	-	1.40	1.40
Trail lighting and restrooms at PGE	-	-	-	-	-	0.70	0.70
Northcreek Subdivision Park	-	-	-	-	-	0.50	0.50
Fairview - restroom & concession	-	-	-	-	-	0.50	0.50
Asphalt Pump Track at Binkley	-	-	-	-	-	-	-
Park	-	-	-	-	-	0.40	0.40
Shark Tooth Park	-	-	-	-	-	0.20	0.20
Master Plan Trail Construction	-	-	-	-	-	0.80	0.80
Total Parks	-	-	5.00	-	-	4.70	9.70
<i>Drainage</i>							
Hills of Sherman upsized detention	-	-	-	-	-	0.50	0.50
Totals	\$ 6.90	\$ 18.80	\$ 19.20	\$ 20.00	\$ 30.00	\$ 82.90	\$ 177.80

GENERAL FUND

	Actual FY 2022	Projection FY 2023	Projection FY 2024	Projection FY 2025	Projection FY 2026	Projection FY 2027
Beginning Fund Balance	\$ 13,004,657	\$ 14,194,691	\$ 14,566,831	\$ 14,001,019	\$ 17,978,059	\$ 16,602,216
Sales Tax	22,039,000	26,773,846	29,451,231	32,396,354	35,635,989	39,199,588
Street Sales Tax	1,836,000	2,231,154	2,454,269	2,699,696	2,969,666	3,266,633
Property Tax Rev	11,943,615	12,313,800	13,645,800	20,848,800	21,302,800	22,430,800
Franchise & Other Taxes	3,311,334	3,415,000	3,415,000	3,415,000	3,415,000	3,415,000
Ambulance	1,669,394	1,402,400	1,402,400	1,402,400	1,402,400	1,402,400
Transfers	3,358,139	4,452,033	4,279,000	4,558,000	4,857,000	5,177,000
Interest	(641,433)	142,410	142,410	142,410	142,410	142,410
SEDCO	194,407	157,482	558,000	558,000	558,000	558,000
CARES/ARPA/Grants	7,000	-	-	-	-	-
Other Revenue	5,372,436	5,116,035	5,371,837	5,640,429	5,922,450	6,218,573
Total Revenues	49,089,892	56,004,160	60,719,947	71,661,089	76,205,715	81,810,403
Personnel	32,939,438	37,132,590	39,361,000	41,723,000	45,246,000	48,981,000
Premium Pay	1,037,725	-	-	-	-	-
New Positions	-	-	-	1,000,000	1,000,000	1,000,000
Other Expenditures	10,497,800	15,311,526	16,077,000	16,881,000	17,725,000	18,611,000
Street Repairs	616,902	140,774	140,774	140,774	140,774	140,774
Capital Expenses	639,005	1,913,145	1,498,000	1,319,000	3,079,000	1,591,000
Debt Service (Leases)	758,988	758,985	758,985	470,274	90,782	-
Transfers	1,410,000	375,000	-	-	-	-
Additional Debt Service *	-	-	3,450,000	6,150,000	10,300,000	10,300,000
Total Expenditures	47,899,858	55,632,020	61,285,759	67,684,049	77,581,558	80,623,777
Excess (Deficit)	1,190,034	372,140	(565,812)	3,977,040	(1,375,843)	1,186,626
Ending Fund Balance	\$ 14,194,691	\$ 14,566,831	\$ 14,001,019	\$ 17,978,059	\$ 16,602,216	\$ 17,788,842
Days in Fund Balance	108	96	83	97	78	81
Calculated Property Tax Rate	0.48900	0.46993	0.51477	0.51224	0.59558	0.53047
Estimated Adopted Rate	0.48900	0.46993	0.48900	0.48900	0.48900	0.48900
Debt Rate	0.1834	0.2046	0.2246	0.1973	0.2287	0.2253
Operating (M&O) Rate	0.3056	0.2654	0.2644	0.2917	0.2603	0.2637
* New Debt in Millions			\$ 82.9	40	30	

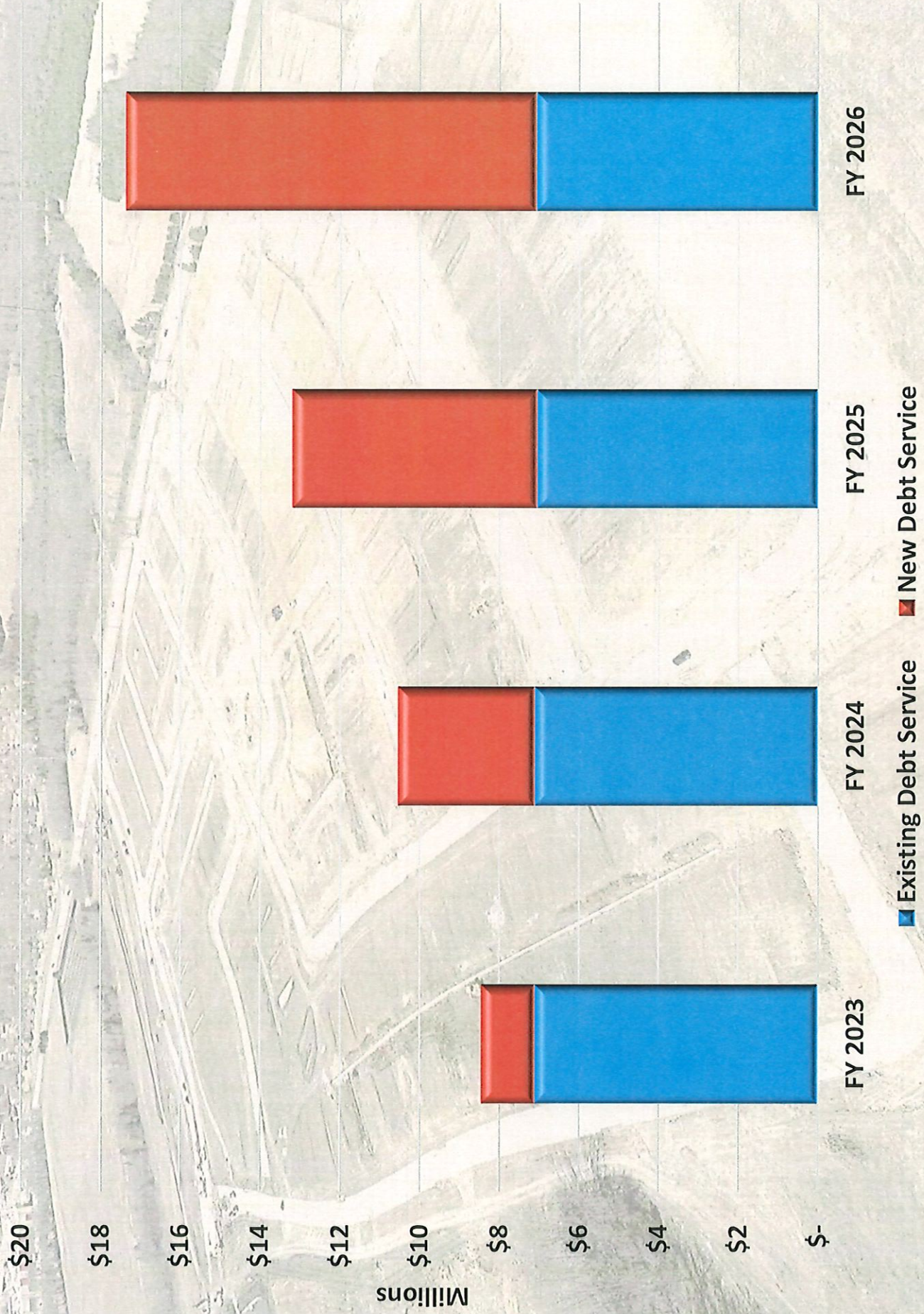
Major Potential Tax-Backed Projects

- Streets – (Large Projects only) \$116M
 - Planned Developments
 - Bel Air Phase II - \$9M
 - Heritage Ranch - \$5M
 - Hickory Hill - \$6M
 - TxDOT
 - US75 (Texoma Pkwy to US82, US82 to 691)- \$13M
 - FM1417 - \$8M
 - US82 (west-bound ramp at Plainview) \$5M
 - Shepherd Rd - \$12M
 - Friendship Rd - \$11M
 - Interurban Parkway - \$35M (Bridge = \$20M)
 - Progress/Flanary - \$7M (Debt Svc paid by SEDCO)
 - Moore Street - \$5M

Major Potential Tax-Backed Projects

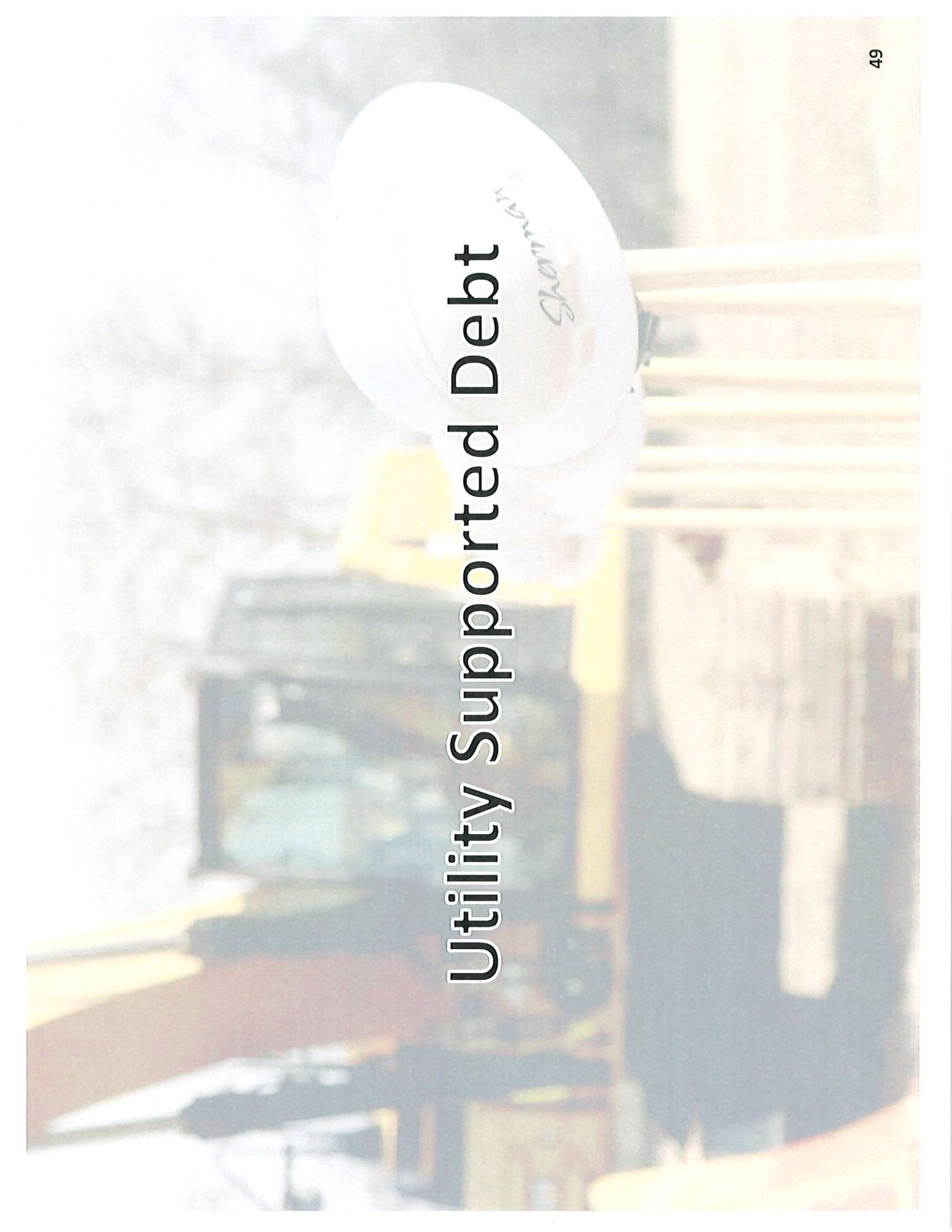
- Parks – (Large Projects only) \$33M
 - Shark-tooth Park - \$5M
 - Regional Park (5) spending in lieu of Rec Center - \$10M
 - Trails - \$??M
 - Splash \$10M
 - New regional park - \$8M
- Facilities - \$55M
 - City Hall - \$30M
 - Public Works Facility – \$20M
 - Central Fire Station - \$5M

Tax-backed Debt Service



Other Challenges

- Texas HB 1489 – Relating to issuance of Certificates of Obligation (CO's)
 - Allowed only for certain things and in limited situations:
 - Uses: Roads, bridges, parking structures, parks, telecom/IT, cybersecurity, Utility stuff
 - Acceptable Reasons: Comply w/ Federal or State law, public health emergency or natural disaster, or Court requirement
 - Otherwise, must have voter-approval (just like General Obligation Bonds)
 - Effective date if passed 9/1/23
 - Could be a “mad-dash” this summer by municipalities, which would drive rates up

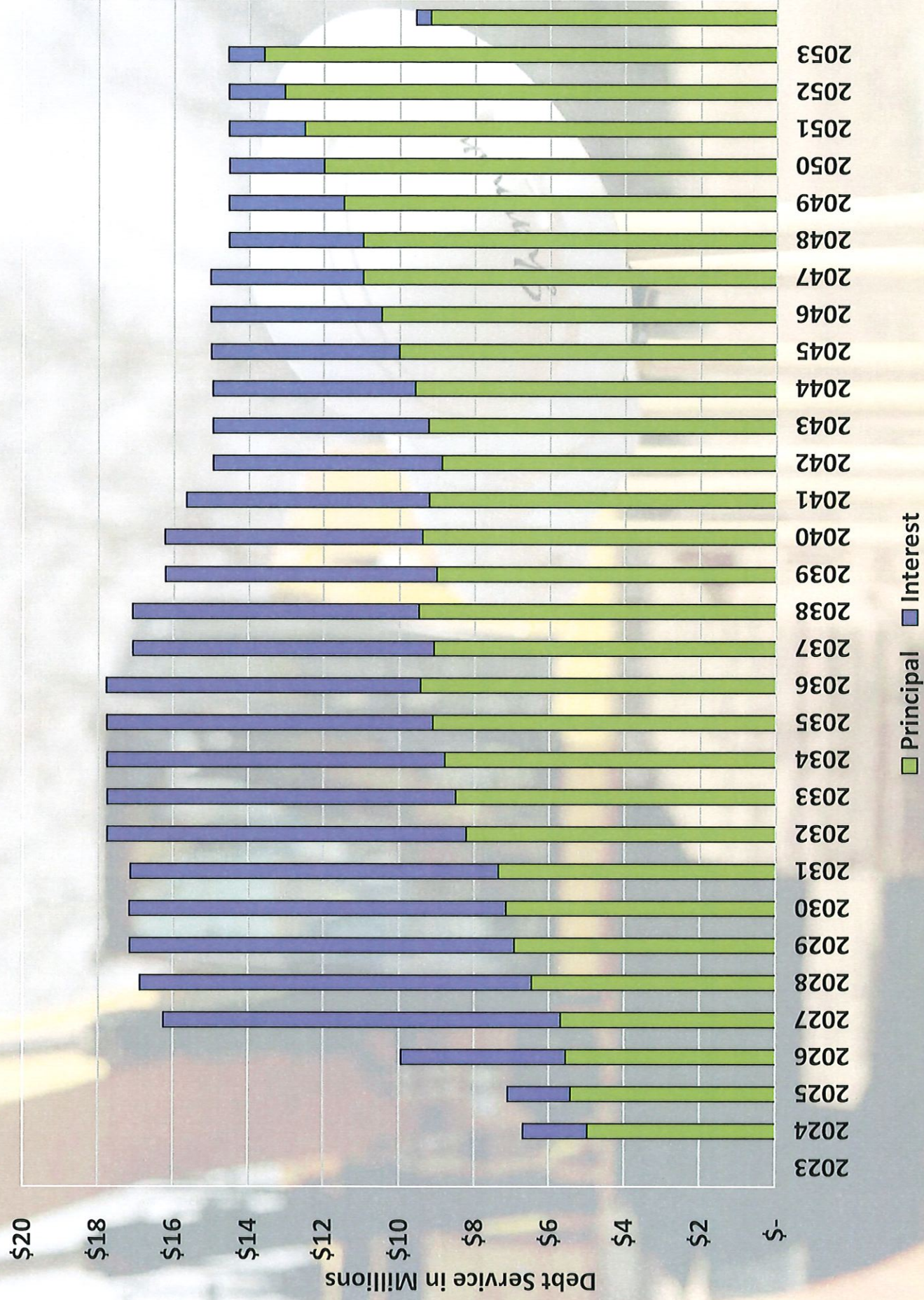


Utility Supported Debt

GTUA Contractual Debt Outstanding - Current

Fiscal Year	Water Principal	Water Interest	Sewer Principal	Sewer Interest	Total Principal	Total Interest	Total
2023	2,703,041	798,273	2,284,959	923,977	4,988,000	1,722,250	6,710,250
2024	3,094,347	795,839	2,350,133	876,153	5,444,480	1,671,993	7,116,473
2025	3,113,053	3,262,533	2,462,907	1,119,453	5,575,960	4,381,986	9,957,946
2026	3,175,154	7,555,509	2,532,286	3,007,972	5,707,440	10,563,481	16,270,921
2027	3,617,610	7,477,672	2,871,310	2,932,318	6,488,920	10,409,989	16,898,909
2028	4,148,171	7,379,200	2,802,229	2,842,762	6,950,400	10,221,962	17,172,362
2029	4,274,240	7,255,389	2,897,640	2,756,247	7,171,880	10,011,637	17,183,517
2030	4,695,350	7,115,207	2,680,610	2,659,745	7,375,960	9,774,953	17,150,913
2031	5,187,966	6,954,420	3,042,034	2,578,503	8,230,000	9,532,924	17,762,924
2032	5,422,108	6,766,982	3,092,892	2,482,787	8,515,000	9,249,770	17,764,770
2033	5,758,506	6,572,735	3,051,494	2,388,107	8,810,000	8,960,843	17,770,843
2034	6,040,500	6,362,304	3,084,500	2,293,879	9,125,000	8,656,183	17,781,183
2035	6,513,950	6,136,085	2,946,050	2,195,566	9,460,000	8,331,650	17,791,650
2036	6,134,750	5,886,665	2,970,250	2,099,447	9,105,000	7,986,112	17,091,112
2037	6,423,800	5,608,605	3,076,200	1,994,607	9,500,000	7,603,212	17,103,212
2038	6,063,000	5,315,642	2,957,000	1,883,755	9,020,000	7,199,397	16,219,397
2039	6,337,450	5,048,252	3,067,550	1,778,933	9,405,000	6,827,185	16,232,185
2040	6,339,950	4,769,268	2,885,050	1,671,885	9,225,000	6,441,153	15,666,153
2041	6,605,600	4,496,544	2,279,400	1,570,956	8,885,000	6,067,500	14,952,500
2042	6,870,700	4,237,540	2,369,300	1,483,560	9,240,000	5,721,100	14,961,100
2043	7,143,550	3,968,048	2,461,450	1,392,652	9,605,000	5,360,700	14,965,700
2044	7,451,750	3,687,418	2,568,250	1,297,895	10,020,000	4,985,313	15,005,313
2045	7,796,150	3,352,719	2,688,850	1,180,144	10,485,000	4,532,863	15,017,863
2046	8,150,900	3,002,214	2,814,100	1,056,686	10,965,000	4,058,900	15,023,900
2047	8,232,250	2,635,386	2,732,750	927,289	10,965,000	3,562,675	14,527,675
2048	8,618,250	2,257,485	2,866,750	796,140	11,485,000	3,053,625	14,538,625
2049	9,001,650	1,861,661	2,998,350	658,514	12,000,000	2,520,175	14,520,175
2050	9,386,750	1,488,217	3,128,250	532,570	12,515,000	2,020,788	14,535,788
2051	9,783,050	1,098,784	3,261,950	401,167	13,045,000	1,499,950	14,544,950
2052	10,197,450	692,894	3,402,550	264,144	13,600,000	957,038	14,557,038
2053	6,348,000	269,790	2,852,000	121,210	9,200,000	391,000	9,591,000
	\$ 194,628,995	\$ 134,109,282	\$ 87,479,045	\$ 50,169,021	\$ 282,108,040	\$ 184,278,303	\$ 466,386,343

GTUA Contractual Debt Outstanding - Current



Utility Fund Projections

UTILITY FUND	Volume Water Rate	\$3.37	\$3.47	\$3.57	Projected FY 2025	Projected FY 2026	Projected FY 2027
	Volume Sewer Rate	\$3.69	\$3.95	\$4.23	\$4.52	\$4.84	\$5.18
Total Revenues	Actual FY 2022	26,727,659	27,506,574	28,916,335	32,469,870	36,331,085	46,525,753
SEDSCO Contribution	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
General Fund Transfers	-	-	-	-	-	-	3,500,000
Impact Fees	-	-	-	-	1,100,000	1,100,000	1,100,000
Personnel	6,626,000	7,957,960	8,197,000	8,443,000	8,696,000	8,957,000	
Premium Pay	181,680						
Other	7,488,320	9,894,019	10,390,000	10,910,000	11,460,000	11,690,000	
Debt Service	6,982,669	6,904,780	7,311,004	7,311,004	29,005,764	43,724,678	
Capital Outlay	800,000	1,193,561	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000
Transfers	2,426,000	2,775,000	3,277,000	3,526,000	3,794,000	4,082,000	
Total Expenditures	24,504,669	28,725,320	30,410,004	34,266,477	54,190,764	69,688,678	
Excess (Deficit)	2,222,990	(1,218,746)	(493,668)	303,393	(15,759,679)	(17,562,925)	
Ending Fund Balance	\$ 6,537,172	\$ 5,318,426	\$ 4,824,758	\$ 5,128,150	\$ (10,631,529)	\$ (28,194,454)	

Detailed Project List – Sewer Collection

City of Sherman
GTUA Project List
As of 4/13/2023

Budgeted Amounts		Funding		2023A	2024 OM	2025 OM	2026 OM	Grand Total
Type	Project Name	2023 OM						
Sewer Collection	42" SS replacement of 24" SS line West of IT Design				570,000			570,000
	42" SS replacement of 24" SS line West of TI- Construction					4,700,000		4,700,000
	Crossroads Sewer for hospital				1,200,000			1,200,000
	Heritage Ranch gravity sewer	500,000						500,000
	Inverted siphon sewer line-Construction				500,000			500,000
	Post Oak Creek Sewer Phase I				2,400,000			2,400,000
	Post Oak Creek Sewer Phase I 25% Contingency				647,000			647,000
	Post Oak Creek Sewer Phase I Eng	404,800						404,800
	Post Oak Creek Sewer Phase II				1,300,000			1,300,000
	Post Oak Creek Sewer Phase II 25% Contingency				340,000			340,000
	Replace southside industrial sewer construction Phase I							5,700,000
	Replace southside industrial sewer construction Phase I Contingency							
	Sherman WTP Concentrate Discharge System Construction	7,000,000						7,000,000
	Sherman WTP Concentrate Discharge System Contingency	2,000,000						2,000,000
	Sherman WTP Concentrate Discharge System Design	890,300						890,300
	Southside Industrial Sewer Phase II				1,000,000			1,000,000
Sewer Collection Total		16,495,100			7,957,000	4,700,000		29,152,100

Detailed Project List – Sewer Treatment

City of Sherman
GTUA Project List
As of 4/13/2023

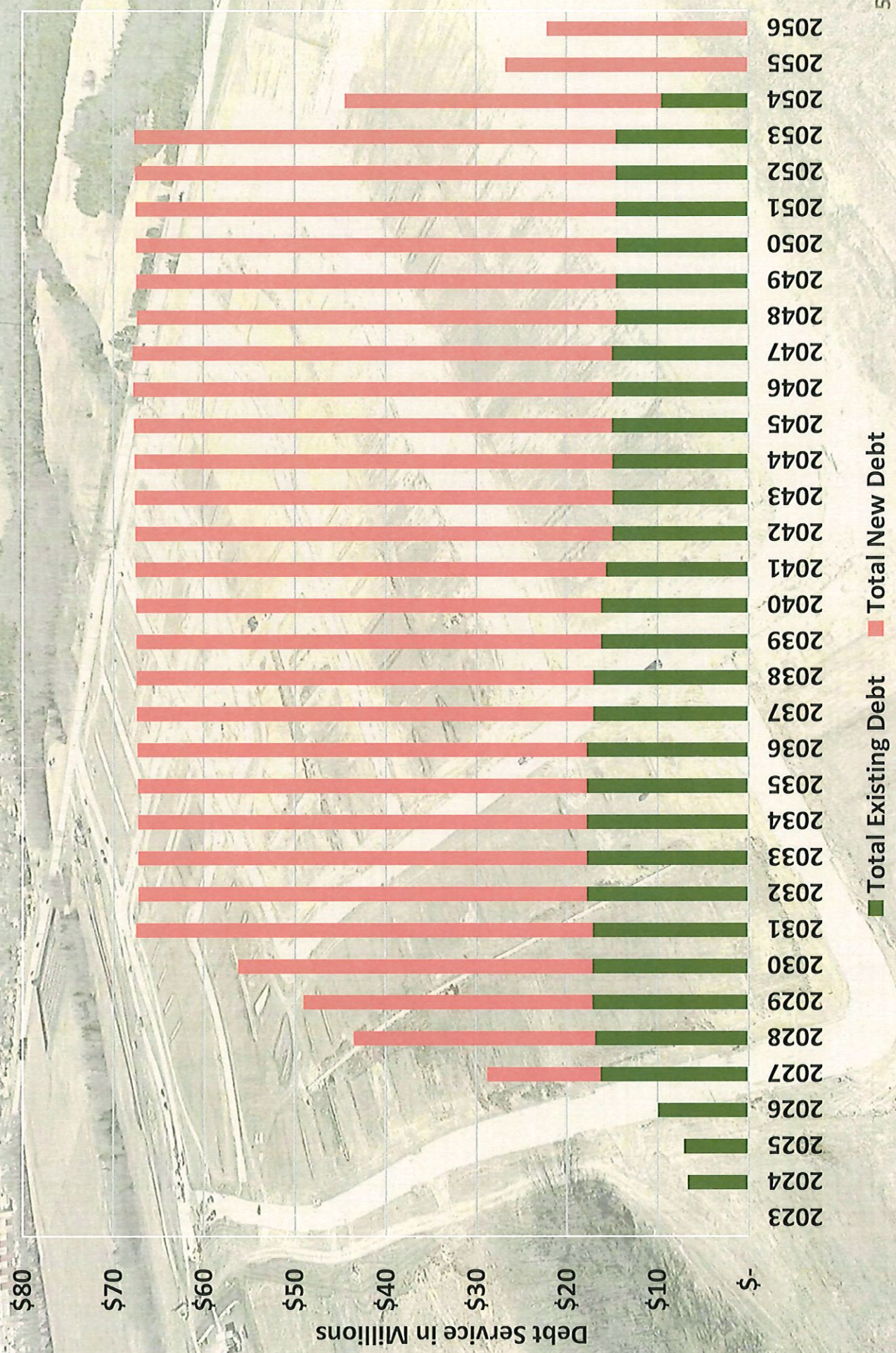
Budgeted Amounts		Funding					
Type	Project Name	2023 OM	2023A	2024 OM	2025 OM	2026 OM	Grand Total
Sewer Treatment	Lead & Copper Rule Revision (LCRR)-Eng	671,000					671,000
	Post Oak 4 MGD WWTP Improvements Construction				50,000,000		50,000,000
	Post Oak 4 MGD WWTP Improvements Design	11,369,931					11,369,931
	Post Oak 4 MGD WWTP Improvements Prepurchase		20,000,000				20,000,000
	Post Oak WWTP Electrical Improvements Construction		6,326,530				6,326,530
	Post Oak WWTP Electrical Improvements Contingency	1,468,500		1,897,959			3,366,459
	Post Oak WWTP Electrical Improvements Prepurchase	4,895,100					4,895,100
	Rehab Clarifier #3				1,120,000		1,120,000
	Rehab Main Digester Complex			500,000	7,300,000		7,800,000
	WWTP Industrial Exp - Eng & Construction		220,000,000				220,000,000
Sewer Treatment Total		18,404,531	220,000,000	28,724,489	58,420,000		325,549,020

Detailed Project List – Water Treatment & Distribution

City of Sherman
GTUA Project List
As of 4/13/2023

Budgeted Amounts		Funding				
Type	Project Name	2023 OM	2023A	2024 OM	2025 OM	2026 OM Grand Total
Water & Sewer	Hickory Hill Utility Improvements Construction	2,016,649				2,016,649
	Hickory Hill Utility Improvements Engineering	102,344				102,344
Water & Sewer Total		2,118,993				2,118,993
Water Distribution	2 MG Elevated Storage Tank Construction		13,708,500			13,708,500
	2 MG Elevated Storage Tank Contingency		3,052,875			3,052,875
	36" West Sherman Water Main CMAR	11,033,300				11,033,300
	36" West Sherman Water Main Construction	37,116,171				37,116,171
	36" West Sherman Water Main Contingency Construction	9,470,000				9,470,000
	36" West Sherman Water Main Land Acquisition	11,112,500				11,112,500
	36" West Sherman Water Main Preconstruc Svc	588,698				588,698
	Bel Air Phase II (Legacy) Waterline	2,220,000				2,220,000
	Rehab Rex Cruse EST Construction	500,000				500,000
Water Distribution Total		72,040,669	16,761,375			88,802,044
Water Production	100 MG terminal storage reservoir Construction		30,000,000			30,000,000
	15 MGD WTP South (UF/RO) Construction				221,892,800	221,892,800
	15 MGD WTP South (UF/RO) Design	7,038,469				7,038,469
	Lake Texoma Backup Generator			1,600,000		1,600,000
	Lake Texoma Electrical Imp (Construction)			2,100,000		2,100,000
	LTPS Expansion 2023 Construction			10,544,400		10,544,400
	LTPS Expansion 2023 Contingency			1,896,600		1,896,600
	LTPS Expansion 2023 Design	977,500				977,500
	Rehab of conventional plant		25,000,000			25,000,000
Water Production Total		8,015,969	25,000,000	46,141,000		301,049,769
Grand Total		117,075,262	245,000,000	99,583,864	63,120,000	746,671,926

GTUA Existing and New Projected Debt Service



New Rate Structure?

City of Sherman

Water Rates

Monthly Meter Charge

5/8 or 3/4	\$	24.91
1	\$	49.14
1-1/2	\$	98.74
2	\$	168.22
3	\$	366.74
4	\$	644.62
6	\$	1,438.67
8	\$	2,550.30
10	\$	3,979.54

Volume Charge (for each 1000 gal above 1500)

\$	3.58
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Sewer Rates

First 1500 gal

\$	9.94
----	------

> 1500 gal

\$	4.22
----	------

Maximum residential sewer gallons = 9,000

City of Richardson

Water Rates

Monthly Minimum Meter Charge

\$ 8.00

Volume Charges

0 - 11,000 gallons

11,001 - 20,000 gallons

20,001 - 40,000 gallons

40,001 - 60,000 gallons

60,001 and over

Rate per 1,000

gallons

\$ 6.91

\$ 7.48

\$ 7.80

\$ 9.07

\$ 9.49

Sewer Rates

Monthly Minimum Meter Charge

\$ 8.00

Volume Charges

0 - 11,000 gallons

11,001 and over

Rate per 1,000

gallons

\$ 4.92

\$ 9.75

Sherman Utility Accounts - Grouped by Consumption

	# of accounts	% of total accounts
Range 1 to 10,000	14,019	93.1%
Range 10,001 to 30,000	709	4.7%
Range 30,001 to 300,000	277	1.8%
Range 300,001 & up	52	0.3%
	15,057	

Debt Service Management Strategies

- Capitalized Interest
- Accumulating reserves
- Timing of debt issuances
- Separating debt issuances (2023A and 2023B)
- Utility rate structure changes
- Use of other revenues
 - Impact fees
 - SEDCO
 - Xfers between funds

Major Take-Aways thru 2030

- Significant Challenges in FY26-FY29
 - General Fund/Property Taxes
 - Debt Service for \$150M +/- in new CO's will begin in FY24, big hits beginning in FY26
 - Accumulate higher reserves (120-150 days) to help smooth effects of revenue lag in General and Utility Funds
 - Adopting prior year rate – still below Voter-approved rate (adjusted)
 - Consider:
 - Every \$8M in CIP projects = \$.01 on tax rate
 - \$150M in projects = \$.19 on current tax base
 - So, we're proposing to fund projects **NOT** by adding \$.19 to the rates, but holding to \$.489, which means growth is paying for 100%

Major Take-Aways thru 2030

- Significant Challenges in FY26-FY29
 - Utility Fund
 - \$500M - \$700M projects in next 3 years (WTP, WWTP, distribution system)
 - Revenues come on after debt service starts, causing problems in FY26-FY29 especially
 - Consider graduated utility rate structure so that larger users pay greater share of cost (which is demand-driven)



FY2024 Workplan

Financial Expectations for FY2024 Budget

Financial Projections

- General Fund
 - Expect property tax values to be up \$300M for new property added = \$1.4M revenues for all funds
 - Can utilize unused increment to take tax rate back to \$.489
 - Expect sales tax in lieu of property tax to max out A/V revenue cap of 3.5%, so any property tax revenue increase will be from new values (i.e., \$500k)
 - Expect sales tax revenues to be up about \$3M for 1) growth in base, 2) inflation, 3) TI construction activities & Global Wafers
 - Impact Fees, Engineering review fees, building permits up vs. FY23
 - **Continue to build reserves for weathering expected FY26-FY29 challenges**
- Utility Fund
 - Revenues – Existing Rate Structure vs. New Rate Structure
 - Expenses – Impact of additional debt service, net of capitalized interest
- Solid Waste Fund
 - Equipment and personnel for increased residential construction

Expected Rates and Fees – FY2024

- Property Tax Rates
 - Consider adjusted VAR to begin accumulating reserves and pay CO debt service
- Utility Rates
 - Possible rate structure change with volume-based increases for large users – to fund SIGNIFICANT WTP/WWTP projects in 2023-2026
- Solid Waste Rates
 - No expected rate changes?
 - Assumes annual TASWA distribution continues

Workplan Focus for FY2024

- Compensation and Personnel
 - Market adjustments/COLA in light of 6% inflation (DFW CPI)
 - Very few new positions for FY2024
 - Police and Fire Department focus on compensation plan
- Utility Operations
 - Build Reserves
 - Rate adjustment to cover operations
 - Continued utility system planning
- Facilities
 - New City Hall? (More at Budget Workshop)
 - Fire Station Central construction

Workplan Focus for FY2024

- Planning
 - Implement Utility Master Plan
- Streets
 - **Renew Street Sales Tax (Nov 2023 election, 2024-2028)**
- CIP/Capital Expenses
 - 2023-2026 CO bond package program
 - Streets
 - PD commitments
 - Parks
 - Central Fire Station
 - City Hall?
 - Major Utility projects

Workplan Focus for FY2024

- Utility System Enhancements – 3-focuses
 - Construction activities on:
 - WTP conventional plant renovations
 - 36" water pipeline to Blalock
 - WWTP industrial plant (and conventional plant upgrades?)
 - WTP Brine line
- Secure additional water rights – effluent discharge into Texoma?
- Utility Operations
 - Build Reserves
 - Year 3 of major debt issuance (via GTUA)

Workplan Focus for FY2024

- Growth and Development
 - Bel Air – Phase II
 - Sherman Crossroads continued buildout
 - Heritage Ranch – Phase I
 - Hickory Hill PD
 - Pecan Grove PD (new)
- Cleaning up the City
 - Residential and commercial focus
 - Multi-family/motel focus

Council Input for FY24

- Plyler – CO Bond issuance, Animal Control building, take care of employees
- Holland – Parks (various), youth sports, specific operational
- Teamann – Parks (esp trails and connectivity)
- Stevenson – Downtown, operational responsiveness
- Howeth – Downtown various - (e.g., dedicated econ dev personnel, décor),
- Marroquin – Downtown (restaurants), Parks, specific operational
- Dobbs – Road improvements, quality residential development

CALENDAR

April 20, 2023	Budget Planning Meeting
May 5-10, 2023	Management budget reviews
May 25, 2023	CIP Council Workshop
June 15-16, 2023	Budget Workshop
August 7, 2023	Draft Budget to Council
August 21, 2023	Budget Ordinance adopted

Direction and Final Questions for Workshop Preparation

Utility rate structure change to volume-based?

Property tax rate increased to below *adjusted* VAR?

2023 CO Issuance:

- Pursue early (May)?

- More parks \$\$?

- Other adds/deducts?