

STATE OF TEXAS

§

April 19, 2022

COUNTY OF GRAYSON

§

BE IT REMEMBERED THAT A Called Meeting of the Sherman City Council was begun and held in the City Council Chambers on April 19, 2022.

COUNCIL MEMBERS PRESENT: Mayor David Plyler; Deputy Mayor Pam Howeth.
Council Members Dobbs, Holland, Marroquin, Stevenson,
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; Danny Jones, Fire Chief; Chris Olson, Assistant Fire Chief; Jason Jeffcoat, Assistant Police Chief; Bruce Dawsey, Assistant Police Chief; Nic Emmons, Lt/Police Patrol Commander; Tammy Davis, Controller; Tom Pruitt, Utility Engineer; Jim Cross, Water Systems Manager; 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; Tasheena Taylor, Administrative Assistant; Moises Duran, Emergency Management Coordinator; Travis Overturf, Civil Engineer; 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 Daron Holland

Citizen Comments

Financial Update and Council Input for 2022-2023 Budget Year

Council Comments

Executive Session

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

TEX. GOV'T CODE § 551.071 --

Seeking the advice of its attorney about pending or contemplated litigation, settlement offers or any matter in which the duty of the

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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

Deputy Mayor Howeth said Mayor Plyler was tied up in a meeting, and called the meeting to order at 11:01 a.m., declared a quorum present, and opened the Called City Council Meeting.

PLEDGE OF ALLEGIANCE AND INVOCATION BY COUNCIL MEMBER DARON HOLLAND

CITIZEN COMMENTS

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Participants got their lunch from 11:01 to 11:09, prior to the actual start of the meeting.

FINANCIAL UPDATE AND COUNCIL INPUT FOR 2022-2023 BUDGET YEAR

COUNCIL COMMENTS

Robby Hefton, City Manager, announced that the CIP Workshop will be held on May 24, 2022.

ACTION TAKEN.

Motion by Council Member Teamann to change the date of the Budget Workshop to June 7, 2022, as presented. Second by Council Member Stevenson.

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson, Teamann.

VOTING NAY: None.

MOTION CARRIED.

Mr. Hefton asked Council Members to consider any initiatives they want to see in the 2023 Budget.

Work Plan Summary

Mr. Hefton said all staffing issues have been completed. The Police Department Headquarters project is underway. The new utility rate from the Multi-Year Utility Rate Plan was adopted. The Development Services Department is working on the Comprehensive Master Plan update, which should be completed in the Fall of 2022.

Plans are underway for a new Downtown plan and projects for FY 2022. Projects will be broken into phases and debt will be issued. Planning is also underway for the Recreation Center. The street materials budget was increased and most of the fleet and equipment have been purchased. Some specialized equipment is hard to get. There has also been an increase in the cost of fleet, and there are longer lead times.

Council previously authorized the continuation of the Environmental Code program. A plan will be presented at the CIP Meeting, to discuss the additional street rebuild projects. The first project has been identified and is "off of Washington Street." The goal is to complete the projects in-house, with an expanded crew. Money for these projects will be from the Certificates of Obligation.

From City Council direction, the tax rate was not increased. There was a 4% utility rate increase, as per the Utility Rate Plan. Council will review the proposed rate increase annually. There was no change in Solid Waste rates.

Mr. Hefton said the hospital project continues to move forward. Progress is underway on the Utility Master Plan, which should be completed in the Fall of 2022. This plan also had to change with the news of the Texas Instruments expansion project. Changes will be made to the Marilee SUD water line, because of the expansion news. The Northwest Sewer is underway, but the project has been delayed because it was hard to get pipe.

Financial Update

Mary Lawrence, Director of Finance, presented the Financial Update. Ending reserves in the General Fund in FY 2021, were up \$3.6 million, due to a higher fund balance at the end of the year, over what was budgeted. Reserves are expected to be up in FY 2022 by about \$1.9 million over FY 2021. This increase is primarily due to sales tax and grant money from ARPA.

She said, in the Utility Fund, FY 2021 ending reserves are down \$256,000 from FY 2020. The Solid Waste Fund's ending reserves for FY 2021 were up about \$532,000. FY 2022 is tracking with budget. She added that the expenses will be above budget, due to the purchase of an additional Commercial Solid Waste truck.

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Ms. Lawrence said at the end of FY 2022, projected fund balances are expected to be at 115 days for the General Fund, 67 days for the Utility Fund, and 55 days for the Solid Waste Fund. Even though the Solid Waste Fund ending reserves are lower, no action was required.

On the General Fund, sales tax is up over the budgeted amount, and has increased about 15%, over last year. She highlighted ARPA grant money in revenues and it's offset in personnel expenditures.

She highlighted the increase in sales tax and said about 55% of Sherman's sales tax is now from retail trade. About 10% is from restaurants, and another 10% is from wholesale trade. She said there was a sales tax growth in all sectors. Mr. Hefton said a "double-digit" sales tax increase is very unusual for Sherman. Normally it is a 3% to 5% range.

Mr. Hefton said the City didn't need to be carrying high ending reserves. Those funds should be transferred over for one-time expenditures. He said, for all major operating funds, the reserve range should be at 75 to 90 days.

For the Utility Fund, Ms. Lawrence said there are no "major stories" in this fund. Revenues are tracking budget. Wet summers versus dry summers can make a big difference in the Utility Fund revenues. She said with the expansion projects, such as Texas Instruments, the City will be managing the debt service. She said there will be a three-year period for debt, where there will be no revenue from those projects, meaning there will not be "debt coverage."

In the Solid Waste Fund, Ms. Lawrence said some changes were made in billing for commercial roll-offs, and they swapped some residential rates with commercial rates. These changes contributed to an increase in commercial revenue.

Ms. Lawrence said the General and Utility Improvement Funds will mainly be discussed at the CIP Meeting. Most of the General Improvement Funds expenditures will be in the Street Department. She presented a list of projects and their funding sources.

She also presented the growth in existing property and said the preliminary values from the Appraisal District are always higher than what the City actually receives. Growth is limited to 3.5%, so no matter how much the value increases, the City only gets 3.5% on the growth.

Mr. Hefton said, going forward, the City needs to count on increases on property tax revenues, being only from new value that comes on the rolls. Because of sales tax growth, the City will be capped at taking any more revenue in on property taxes, because of the new formula.

Ms. Lawrence presented a list of projects that were funded through the Certificates of Obligation.

Utility Fund Stuff

Mr. Hefton said there were two projects related to water and one to wastewater. Water projects include upgrades on the Water Plant and the Pump Station, and on the water pipeline. One is on "how much water the City can produce" and the second is how to move that water from the Water Plant to other places. The third project is the Wastewater Plant.

On the "water side," there is an old conventional system that will be phased out, and the new part that will be added to replace it, and add some capacity. In the new room at the Plant, there is room to add additional RO stacks that can increase the capacity by 5 mgd. If that is done at the same time the old, conventional plant is taken off line, the City would be down a net 5 mgd. Then when the new building is online, the capacity would increase to 35 mgd.

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When the Texas Instruments plant comes online, is when the next increase would be needed. The staff has now revised how the timing might work. The new plan would keep the production levels more consistent. This has been accomplished by changing the order and timing of the projects. By changing the timing that the old plant is taken offline, there will be a "cushion" on the demand and how much water the City can supply. The cost, may be slightly more, but the cost of building the plant will increase over time anyway. It will cost less today to build a plant than it will in two or three years. This will bring the capacity ahead of where it will be needed.

Mr. Hefton said there are also projects at the Lake Texoma Pump Station, the aforementioned Water Treatment Plant Expansion, and the 36" Water Line from the Water Treatment Plant to the south industrial area. The northern part will be from the Plant to O.B. Groner Road, and the southern part will be from O.B. Groner Road to the Shepherd Elevated Tank. The pipeline alone, will cost between \$60 million and \$70 million to construct. The debt would be through the Greater Texoma Utility Authority.

Another part of the project would be the Elevated Storage Tank in the south industrial area, near the Shepherd Elevated Storage Tank. There may also be on-site water storage for Texas Instruments. If the City has access to that storage tank, they might contribute to it's construction. However, if it is only for Texas Instruments, the City would not be able to "tap into it." Even if Texas Instruments builds their storage tank, the City will still need to construct their storage tank.

Mr. Hefton said the City has a need to increase their water supply, especially the raw water supply. There is currently one 72" water line from the Lake Texoma Pump Station, and if something goes wrong, he said the City is "out of luck." There is no other way to get water from the Lake to the City. One way to fix this is to build additional storage basins at the Water Treatment Plant which could be a long term or short-term solution.

The second option is a second water line coming from the Pump Station to the Treatment Plant. That cost could be between \$40 million to \$60 million. He felt the basins could be a quicker solution for the City and then the City's partner, North Texas Municipal Water District could pay for the majority of the pipeline. The City's portion of that line would be 20%. NTMWD already has the project on their 10-year CIP Plan in 2027 or 2028. If the City could do the other solution for now, and wait until they are ready for the line, it would be more cost efficient. Currently there is no cost or scope on building the water basins.

Council Members talked about additional "trade capacity" with other cities to the south. Mr. Hefton discussed the use of effluent from the Wastewater Treatment Plant as a trade for additional capacity of water in Lake Texoma. He said they have started conversations with North Texas on the quality of that water, and on that possibility.

Projected Debt Service

Mr. Hefton presented a chart of the projected debt service on those projects. He discussed the possibility of "capitalizing interest," or borrowing money to pay debt service for the first few payments, until revenue starts coming in. This helps so cash reserves won't be reduced too much. Basically, it's a "timing difference."

Another option is to use money that is "in the bank" from the General Fund, for other purposes. The Sherman Economic Development Corporation could also put in some money. The staff is not eliminating any possibilities. But there is a known problem for the first two or three years, about making those debt payments, prior to the revenue coming online.

Mr. Hefton said there are several utility projects that will be coming up, that will have a huge effect on debt service and operations, and how the City pays for that.

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Mr. Hefton reiterated that the debt is coming on through the Greater Texoma Utility Authority, but the revenues aren't keeping up yet. He said they won't let the reserves be reduced to 10 days to 50 days. The staff is working on a plan, which will be discussed at the Budget Work Session.

Mr. Hefton said there is development all over Sherman, even though there is a significant portion on the west and southern portion of town. He said 8,000 single-family lots, and that many again, multi-family lots are represented in some form of development or pre-development. Not all of these will happen and some are years away from happening, but most will be seen in the next five years. There are approximately 14,000 single-family homes in Sherman now, so this will nearly double the population of Sherman.

Mr. Hefton updated the Council on several of the projects.

- **Bel Air Village** - all Phase 1 single-family lots are sold and should be constructed by the end of the quarter. Well into Phase 2, the remaining 600 to 650 lots. Also, into Phase 1 multi-family and their amenities. Between 2,000 and 4,000 units.
- **Heritage Ranch** - moving slower, but construction should start by the end of the year.
- **Hickory Hill** - is a fairly new development on West Lamberth Road. Consists of 140 acres, and is largely residential. Do have some other amenities, and a commercial aspect.
- **Washington Meadows** - located at the southeast corner of FM 1417 and Washington Street. There are 50 houses that are either completed or under construction. The development is approximately 130 single-family units.
- **The Grove** - is well underway, but has no occupied units yet. Includes apartments, duplexes, and single-family.
- **Shepherd Crossing** - large development, but has been slower. Property has been purchased. Master Development Agreement should be brought to Council soon.
- **The Village** - very slow, but they have 100 acres under contract, for single-family and multi-family.

FY 2023 Workplan

Mr. Hefton said management reviews have not been done yet on department submitted budgets. Therefore, the staff can't really say what expenses will look like, but they can talk about revenues. Staff expects that there will be \$100 million for new property tax values added, which would equate to approximately \$500,000 in revenue. He said he did expect the City to max out their revenue cap. The sales tax increase at 13% would "eat up" any that was allowed under the revenue cap.

Sales tax is expected to be up \$2 million to \$3 million. He expected 800 to 1,000 residential building permits in FY 2023. Those things come with additional impact fees, Engineering review fees, and building permits.

On the Utility Fund, Mr. Hefton said the staff is waiting on the Rate Study and the impact from the Texas Instruments growth. Expenses will also include the impact of additional debt service, and the net of capitalized interest.

Because of all the growth, the Development Services and Engineering Departments are seeing a lot of additional work. As the growth happens, it will be seen on other departments such as the Police and Fire Departments, Street Department, and Parks Department. Mr. Hefton said the staff is focused on what the impact will be for FY 2023, with 800 to 1,000 new houses being constructed. He said that will be an issue in all the major operating funds.

Mr. Hefton said he anticipated no ad valorem tax rate increase, and a possible decrease in rates, depending on valuations and projected sales tax in lieu of property tax. He also didn't expect the debt rate to change much, but the Maintenance and Operations rate will probably go downward.

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He said they will need to get the Rate Study back before any determination is made on utility rates. But he didn't expect changes on the Solid Waste rates, and they continue to expect the Texoma Area Solid Waste Authority to distribute the excess reserves.

Mr. Hefton expressed concern about the current 9% inflation rate that employees face. He said the Dallas/Fort Worth CPI for March 2022 is the highest since 1981. Many cities and businesses are increasing employee salaries. He said that will be included in the staff's budget proposal.

With sales taxes increasing, the impact of utility fees, the debt service, and the impact of inflation on the workforce, staffing and compensation, will be another key area on which to focus.

Mr. Hefton said the City is out of space at City Hall. If the population doubles and there is a significant increase in permits and inspections, the City doesn't have the capacity to do those with the current staff. And there is no place to put additional staff. He felt the Council and staff need to be thinking about a plan for City Hall, Public Works, and the Fleet Maintenance facility.

Mayor Plyler arrived at the meeting at 12:39 p.m.

Other planning issues include the adoption and implementation of the Comprehensive Master Plan, the Utility Rate Study, and the Utility Master Plan. A separate meeting will be held on CIP items and capital expenses. The City will probably be looking at a Certificate of Obligation package to pay for many of these.

Mr. Hefton said on the utility system enhancements, he can talk with the other entities about securing addition water rights, which would help Sherman for many years to come. He expected that the Police Department would move into the new headquarters in the first quarter of 2023.

He said he would like to allocate additional money to cleaning up the City, and said that was a very "broad description" of what he has in mind. It's more about driving down the street and what you actually see. It would include enhances to environmental code enforcement, partnerships and funding for homeless programs, and more aggressive fines. Recently, a task force has been developed to attack some of these issues, but Mr. Hefton said he would like to add to that initiative.

Council Initiatives for FY 2023

Mr. Hefton asked about Council initiatives for the upcoming budget.

Council Member Howeth said she would like to increase the Texoma Area Paratransit budget by 10% or 15%, especially since inflation is at 9%. They normally receive 5% from the City of Sherman. She said TAPS has been back in operation since 2015. The FTA and TxDOT are providing the funds to secure a new location for the facility. They have been renting the current facility.

Council Member Stevenson said during the Comprehensive Planning Meetings, it seemed like everything was trails and downtown. He felt the City should move forward with downtown faster.

Council Member Teamann felt there should be a standard in all types of development. TIRZ are a great asset, but for some, they may not be useful anymore. He also agreed that more needed to be done downtown. He also wanted to see reconstruction on the current roads.

Council Member Dobbs was interested in cleaning up the City, including the homelessness issue.

Mayor Plyler was interested in pre-planning, such as with the new City Hall and the Fire Station. He also mentioned that animal control and streets will be impacted by the growth.

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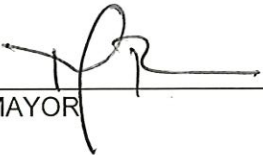
Deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementation of security personnel, critical infrastructure or security devices

No Executive Session was needed.

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ADJOURNMENT

There being no further business to come before the City Council, motion was duly made and approved to adjourn the Called Meeting at 12:56 p.m.



MAYOR

ATTEST



CITY CLERK



Budget Planning Meeting

April 19, 2022

CALENDAR

Mar 30 – Apr 15, 2021	Quarterly individual meetings
April 19, 2022	Budget Planning Meeting
May 6-17, 2022	Management budget reviews
May 24, 2022	CIP Council Workshop
June 16-17 (7-8?), 2022	Budget Workshop
August 1, 2022	Draft Budget to Council
August 15, 2022	Budget Ordinance adopted

AGENDA

FY2022 Work Plan Update

Financial Update/CIP & Bonds

Utility Issues

Development Update

FY2023 Workplan and Budget Focus

Work Plan Update

Work Plan Summary for FY2022

Compensation/Staffing

- ★ 2 + 2 cost of living (or 2 + 3)
- ★ Market adjustments, as needed
- ★ HSA contribution
- ★ Staffing as presented

★ Completed
★ In-progress
★ Delayed
★ Postponed

Facilities/CIP

- ★ Police Facilities – begin construction
- ★ Various General and Utility CIP projects

Planning & Operations

- ★ Utility rate proposed adjustment - multi-year adoption
- ★ Comp Master Plan update
- ★ Downtown plan + projects in FY22?
- ★ Rec facility planning

Work Plan Summary for FY2022

(continued)

Planning and Operations

- 🏠🌟🌟 Increased street materials budget?
- 🌟🌟🌟 Fleet and equipment purchases?
- 🌟🌟🌟 Tax note financing for various equipment/projects?
- 🏠🌟🌟 Environmental Code continue as-is?
- 🌟🌟🌟 Additional street rebuild projects with CO \$\$?

FY2022 Budget - Rates

General Fund

- ★ No change in tax rate

Utility Fund

- ★ 4.5% Rate adjustment for FY22, according to 5-year plan

Solid Waste Fund

- ★ No change in SW rates

2021 Projects In-Progress

Commercial Development

★ Hospital project

Utility System Planning

- ★ Utility Master Plan – draft report due Fall, 2022
- ★ Marilee SUD water line – design substantially complete
- ★ NW Sewer

- ★ Completed
- ★ In-progress
- ★ Delayed
- ★ Postponed

Financial Update - Operations

Financial Update Summary - Operations

General Fund

- FY2021 ending reserves \$3.6M above FY2020
- 110 days at 9/30/21
- FY2022
 - Reserves up \$1.9M above FY2021
 - Revenues – Sales Tax, ARPA
 - Expenses – ARPA (Premium Pay), additional city crews and equipment

Financial Update Summary - Operations

Continued

Utility Fund

- FY2021 ending reserves down \$256k from FY2020
- FY2022 projected revenue slightly below budget; expenses tracking with budget

Solid Waste Fund

- FY2021 ending reserves up about 532k
- FY2022
 - Projected revenues slightly below budget
 - Expenses above budget due to additional CSW purchase

Financial Update Summary - Reserves

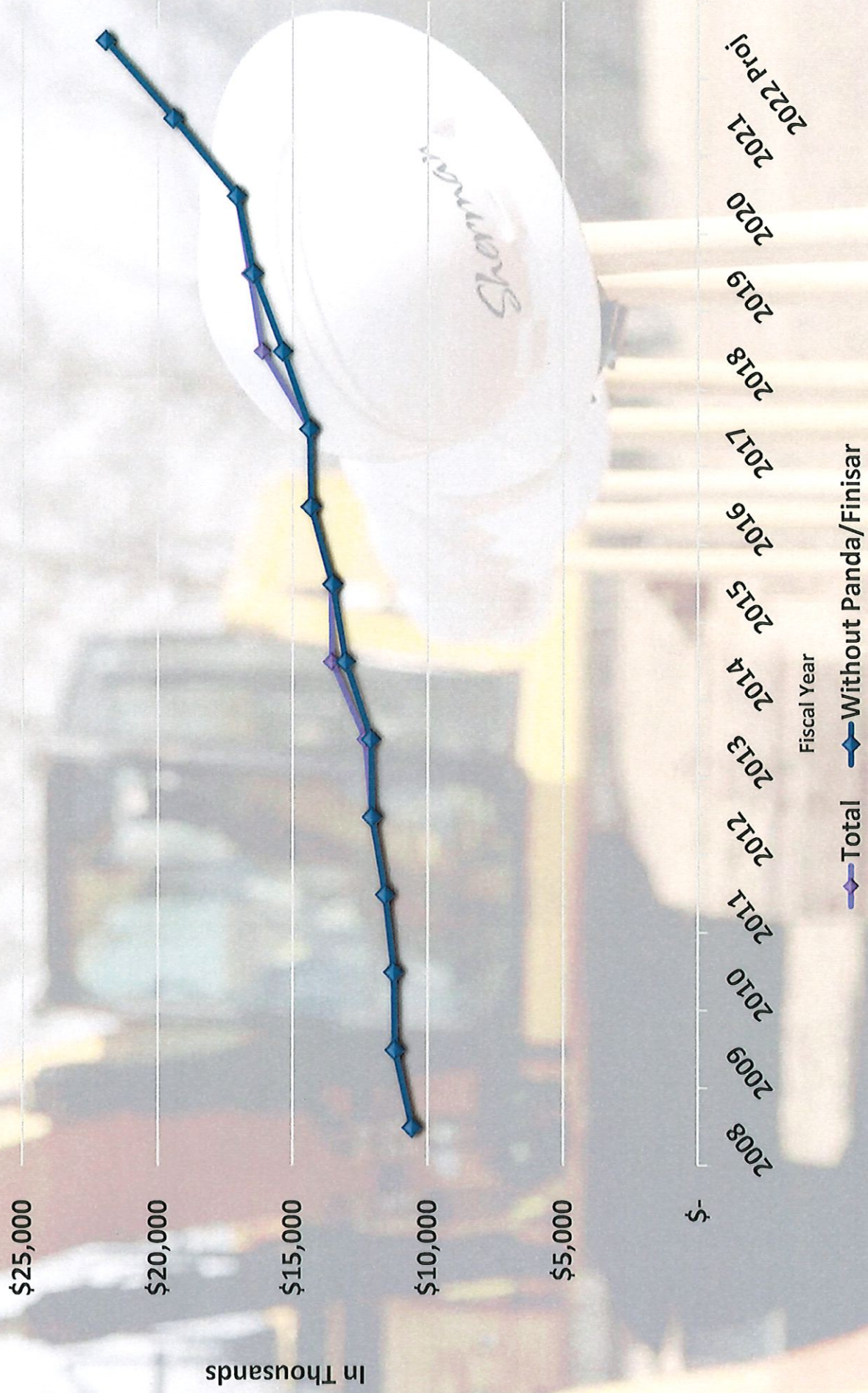
Projected Fund Balances as of Sept. 30, 2022

- General Fund - \$14.9 million
 - \$4.9M above FY22 adjusted budget
 - 115 days reserves
 - No Action Required
- Utility Fund - \$4.8 million
 - FY2022 \$1.0 above budget
 - 67 days reserves
 - Rate study – implement second year based on updated study results
- Solid Waste Fund - \$1.2k
 - \$68k below FY22 budgeted – CSW truck purchase
 - 55 days reserves
 - No Action Required

City of Sherman GENERAL FUND

	Actual 2020-2021	Adjusted Budget 2021-2022	Projected 2021-2022
Beginning Fund Balance	\$ 9,373,123	\$ 10,892,343	\$ 13,004,657
Revenues			
Property Tax	12,445,528	11,697,400	11,822,200
Sales Tax	21,037,726	21,495,000	24,056,000
Franchise Tax	2,876,388	2,798,000	2,930,500
Other Taxes	161,158	165,125	155,800
Fines & Penalties	348,776	448,600	323,600
Recreation	284,540	285,600	285,600
Licenses & Permits	810,669	811,500	811,500
Rentals	35,146	29,550	29,550
Cemetery	225,088	221,100	221,100
Sales & Service	1,179,640	1,866,491	1,866,491
Ambulance Service	1,428,252	1,252,200	1,252,200
Interest Income	35,502	80,000	80,000
Grant Revenue	1,436,947	42,800	897,800
Intergovernmental	334,704	231,407	231,407
Miscellaneous Revenue	302,986	201,700	901,700
Total Revenues	42,943,051	41,626,473	45,865,448
Transfers In	3,927,975	3,358,139	3,358,139
Total Revenues and Transfers In	46,871,026	44,984,612	49,223,587
Total Funds Available	56,244,149	55,876,955	62,228,244
Expenditures			
Personnel	29,382,367	31,338,960	32,376,960
Supplies	2,145,160	1,965,230	1,965,230
Repair & Maintenance	1,665,299	2,107,516	2,107,516
Utilities	1,210,085	1,098,070	1,098,070
Information Technology	715,897	1,041,100	1,041,100
Services & Charges	3,941,453	3,515,339	3,515,339
Vehicle Usage	1,946,799	1,966,490	1,966,490
Capital Expenses	346,466	639,862	639,862
Fleet Services & Charges	1,025,966	783,698	1,233,698
Transfers Out	860,000	1,410,000	1,410,000
Total Expenditures	43,239,492	45,866,266	47,354,266
Excess Revenues over Expenditures	3,631,534	(881,654)	1,869,321
Ending Fund Balance	\$ 13,004,657	\$ 10,010,689	\$ 14,873,978

Sales Tax History (excluding Street tax)



Sales Tax

\$25,000

\$20,000

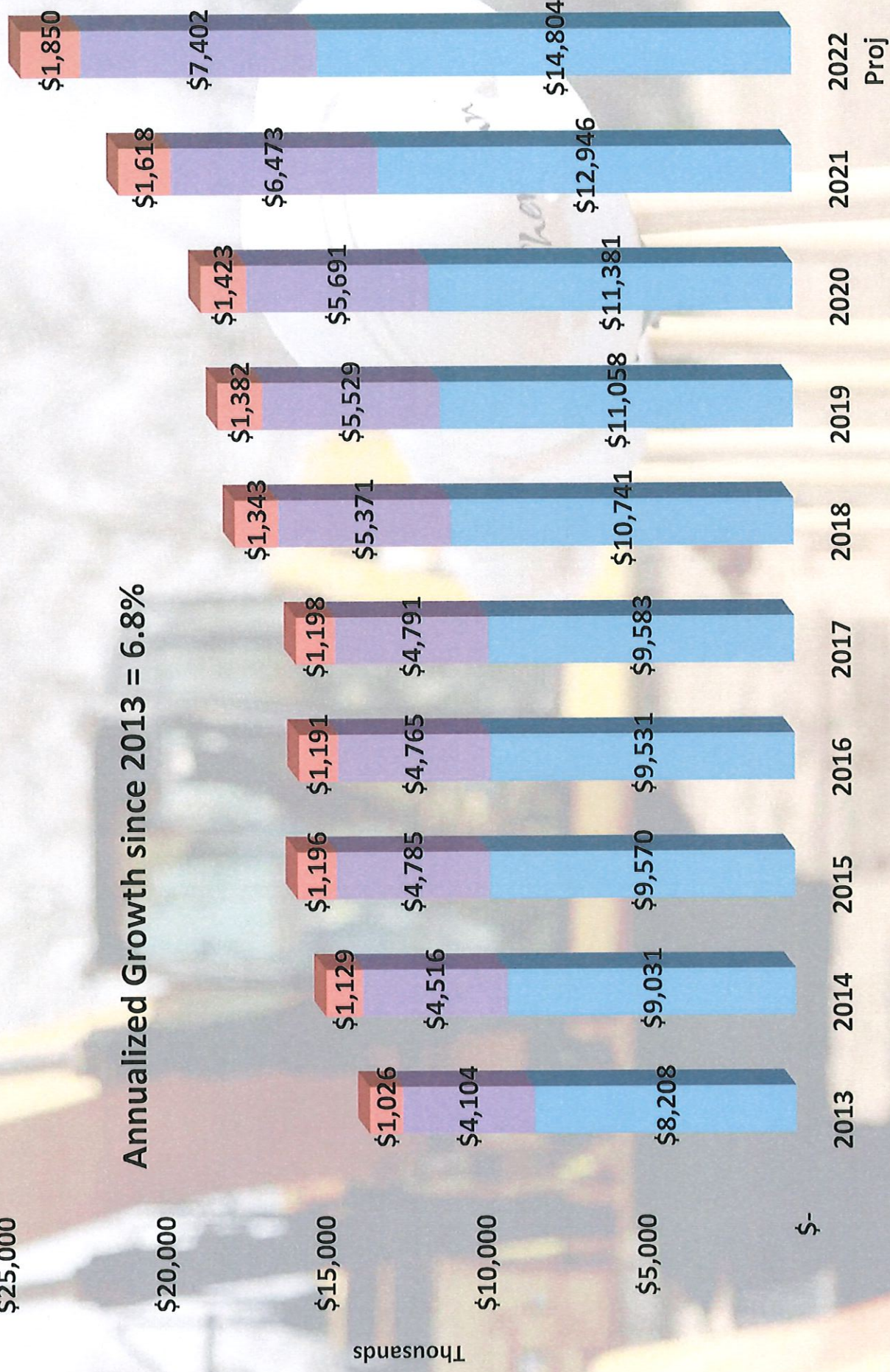
\$15,000

\$10,000

\$5,000

\$-

Annualized Growth since 2013 = 6.8%



Regular Sales Tax

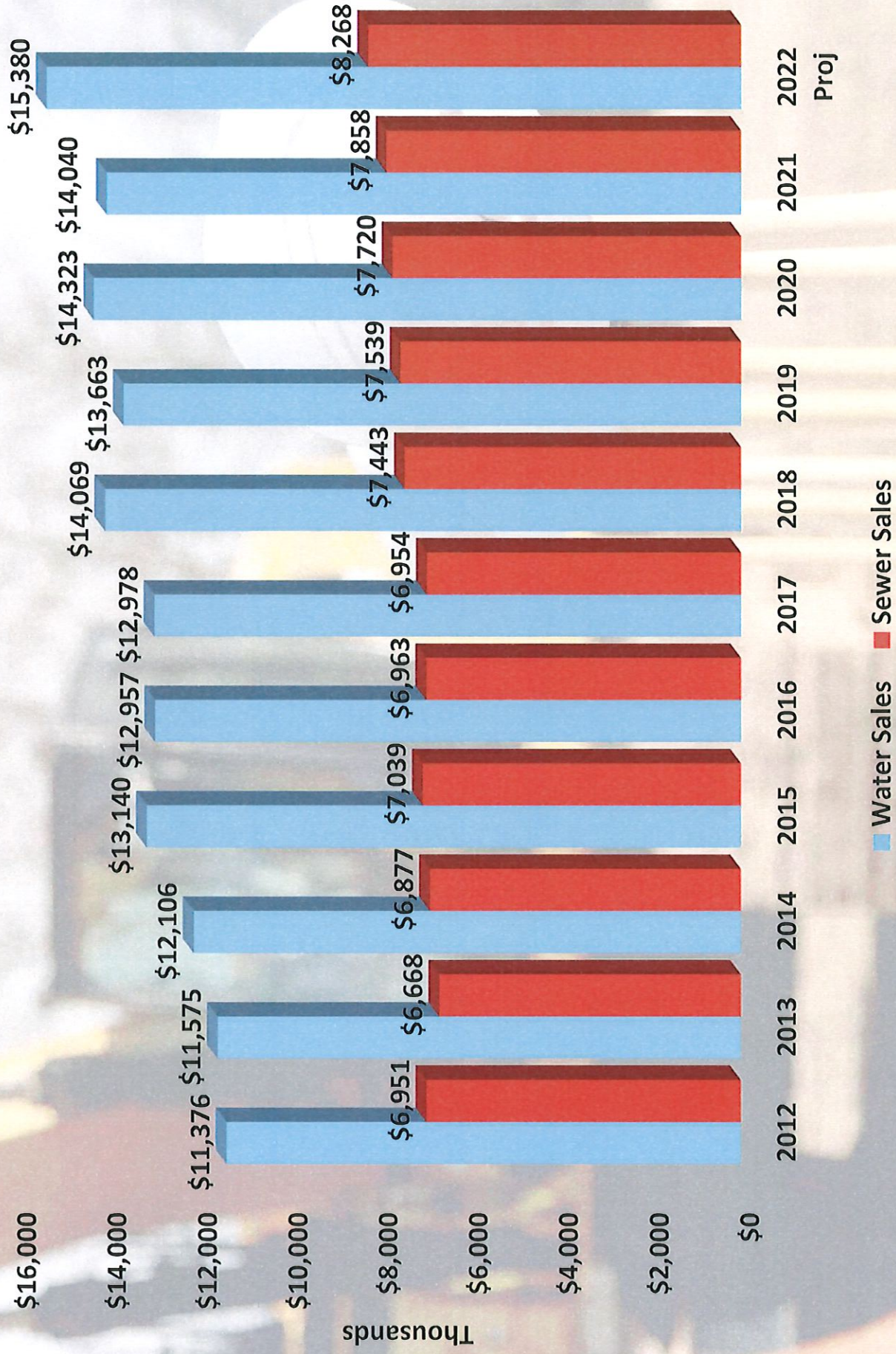
Sales Tax in Lieu of Property Tax

Street Sales Tax

City of Sherman
UTILITY FUND

	Actual 2020-2021	Adjusted Budget 2021-2022	Projected 2021-2022
Beginning Reserve	\$ 4,413,073	\$ 2,628,975	\$ 4,157,410
Revenues			
Water Sales	14,039,787	15,694,000	15,380,000
Sewer Sales	7,857,841	8,614,000	8,268,000
Laboratory	123,444	140,000	140,000
Service Charges & Penalties	612,830	610,000	610,000
Charges for Services	193,382	201,000	190,000
Interest Income	8,597	25,000	22,000
Intergovernmental	401,349	1,608,488	1,717,656
Miscellaneous Revenue	89,715	81,000	81,000
Total Revenues	23,326,945	26,973,488	26,408,656
Transfers In	438,000	183,000	183,000
Total Revenues and Transfers In	23,764,945	27,156,488	26,591,656
Total Funds Available	28,178,017	29,785,463	30,749,066
Expenditures			
Personnel	6,514,271	6,978,640	7,120,157
Supplies	1,069,007	1,642,586	1,642,586
Repair & Maintenance	2,334,964	2,647,106	2,647,106
Utilities	2,484,357	1,646,370	1,646,370
Information Technology	203,174	293,540	293,540
Debt Service	6,541,664	7,117,205	6,982,496
Services & Charges	1,658,311	2,148,565	2,148,565
Vehicle Usage	464,349	467,900	467,900
Fleet Services & Charges	236,070	346,791	346,791
Capital Expenses	214,441	258,321	258,321
Total Expenditures	21,720,607	23,547,023	23,553,831
Transfers Out	2,300,000	2,426,000	2,426,000
Total Expenditures and Transfers Out	24,020,607	25,973,023	25,979,831
Excess Revenues over Expenditures	(255,663)	1,183,465	611,825
Ending Reserve	\$ 4,157,410	\$ 3,812,440	\$ 4,769,235

Water and Sewer Revenues



Projected Debt and Utility Revenue – No Capitalized Interest

Fiscal Year	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Household growth in water revenue					
# of new homes	200	750	1,000	1,000	1,000
Average monthly					
W&S bill @ 8,000 gal	\$ 78 \$	82 \$	84 \$	87 \$	90
Yearly incremental revenue	\$ 187,000 \$	735,000 \$	1,010,000 \$	1,041,000 \$	1,075,000
Cumulative incremental revenue	\$ 187,000 \$	922,000 \$	1,932,000 \$	2,973,000 \$	4,048,000
TI water revenue	\$ - \$	- \$	1,043,968 \$	3,414,036 \$	6,008,435
TI sewer revenue	\$ - \$	- \$	1,110,246 \$	3,497,892 \$	6,214,369
Total TI water & sewer rev	\$ - \$	- \$	2,154,214 \$	6,911,929 \$	12,222,804
Total Revenue	\$ 187,000 \$	922,000 \$	4,086,214 \$	9,884,929 \$	16,270,804
Total New Debt Service	\$ 3,217,710 \$	8,481,836 \$	10,483,197 \$	11,812,308 \$	12,599,070
Over (Short)	\$ (3,030,710) \$	(7,559,836) \$	(6,396,983) \$	(1,927,379) \$	3,671,734

Projected Debt and Utility Revenue – Capitalized Interest

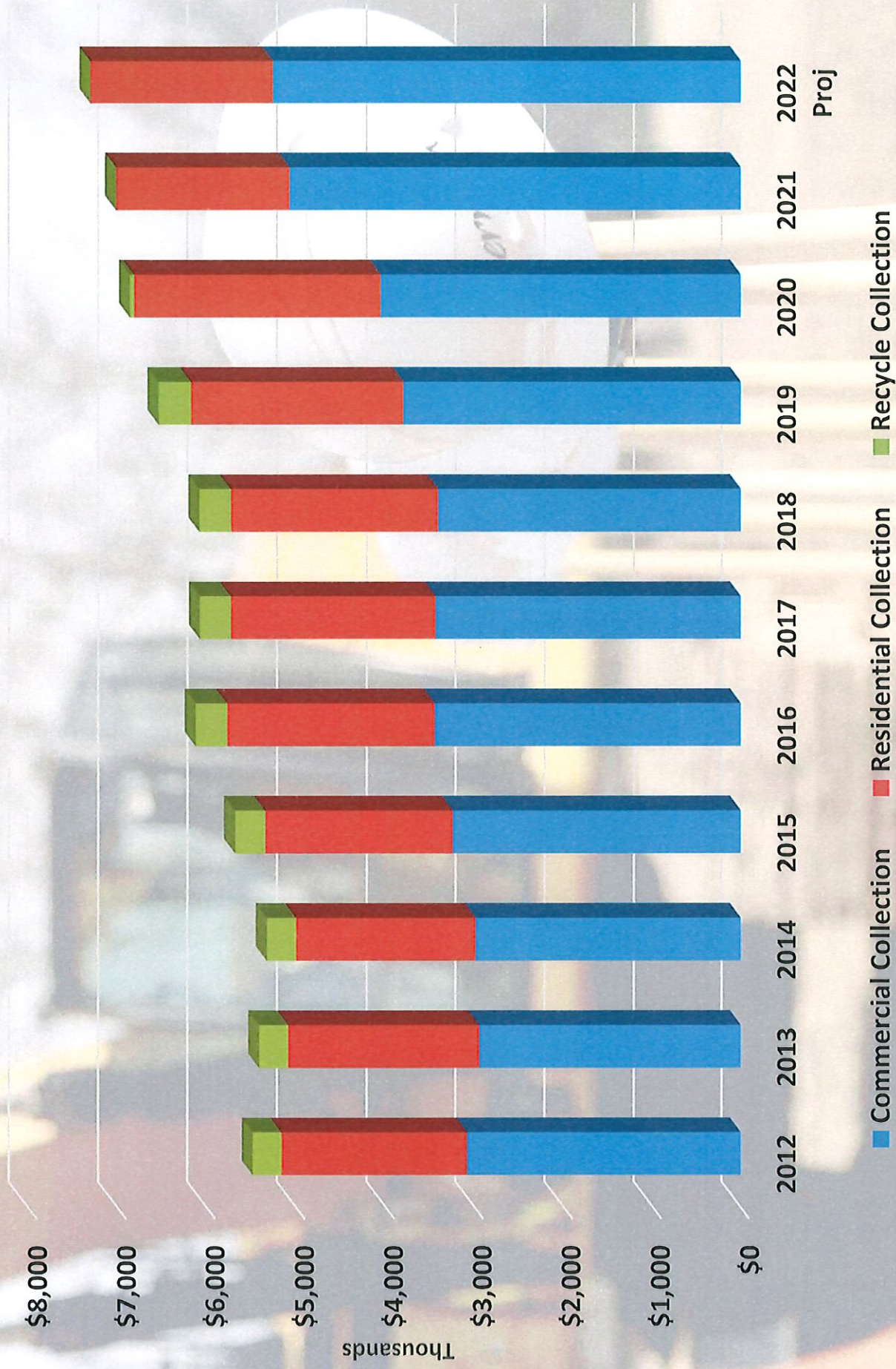
(In millions)

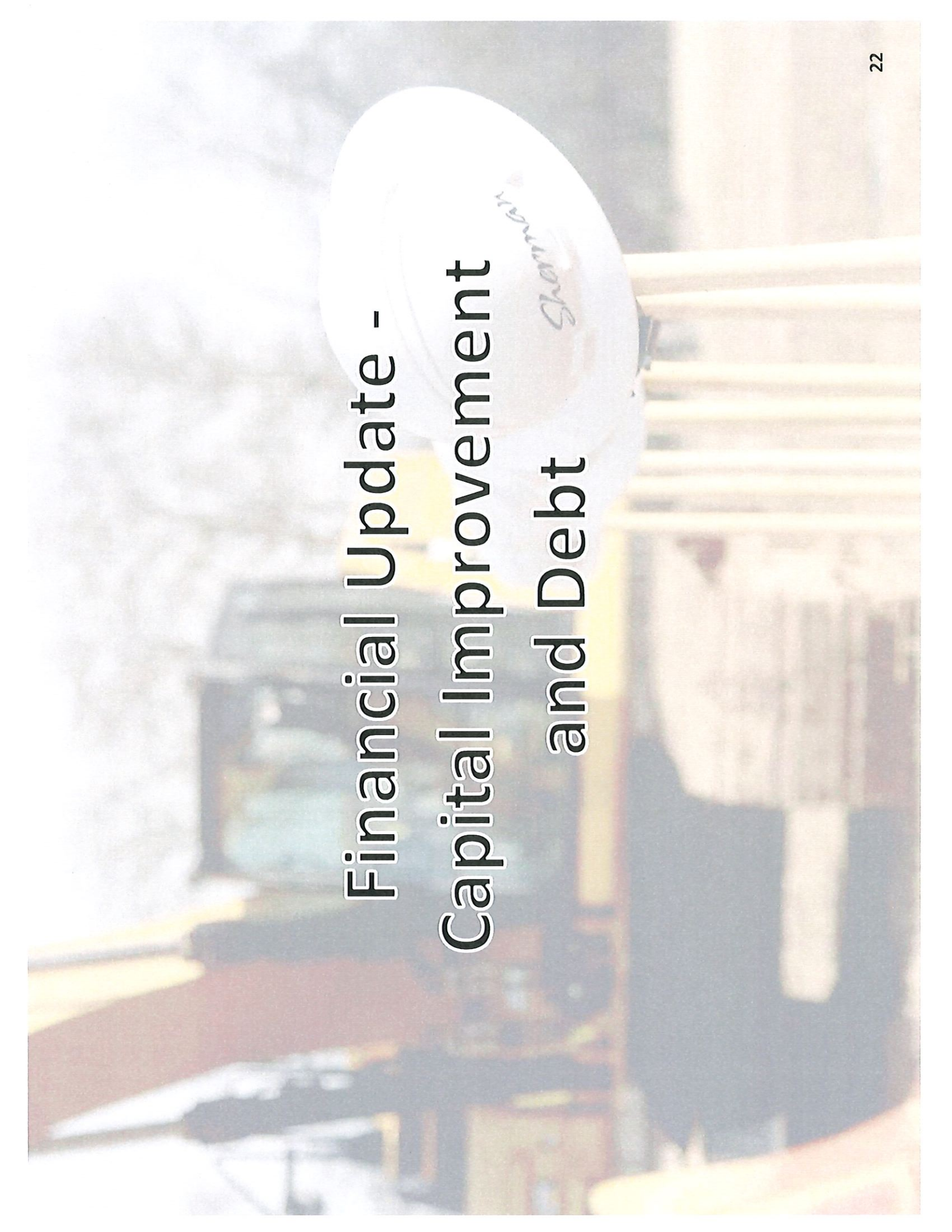
Fiscal Year	2022	2023	2024	2025	2026
Incremental:					
Debt - Non-TI	\$ -	\$ 16,200,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Debt - TI-related	\$ -	\$ -	\$ -	\$ -	\$ 202,254,000
Debt	\$ -	\$ 16,200,000	\$ 10,000,000	\$ 10,000,000	\$ 212,254,000
Household growth in water revenue					
# of new homes	200	750	1,000	1,000	1,000
Average monthly					
W&S bill @ 8,000 gal	\$ 78	\$ 82	\$ 84	\$ 87	\$ 90
Yearly incremental revenue	\$ 187,000	\$ 735,000	\$ 1,010,000	\$ 1,041,000	\$ 1,075,000
Cumulative incremental revenue	\$ 187,000	\$ 922,000	\$ 1,932,000	\$ 2,973,000	\$ 4,048,000
TI water revenue	\$ -	\$ -	\$ 1,043,968	\$ 3,414,036	\$ 6,008,435
TI sewer revenue	\$ -	\$ -	\$ 1,110,246	\$ 3,497,892	\$ 6,214,369
Total TI water & sewer rev	\$ -	\$ -	\$ 2,154,214	\$ 6,911,929	\$ 12,222,804
Total Revenue	\$ 187,000	\$ 922,000	\$ 4,086,214	\$ 9,884,929	\$ 16,270,804
Total New Debt Service	\$ -	\$ 930,332	\$ 1,504,610	\$ 2,078,889	\$ 14,268,184
Over (Short)	\$ 187,000	\$ (8,332)	\$ 2,581,604	\$ 7,806,040	\$ 2,002,620

City of Sherman SOLID WASTE FUND

	Actual 2020-2021	Adjusted Budget 2021-2022	Projected 2021-2022
Beginning Fund Balance	\$ 608,661	\$ 853,746	\$ 1,140,350
Revenues			
Solid Waste Service	7,306,302	7,464,000	7,390,000
Service Charges & Penalties	140,352	140,000	140,000
Interest Income	801	1,800	1,800
Miscellaneous Revenue	765,335	728,000	728,000
Grant Revenue	-	-	45,532
Transfers In	120,000	-	-
Total Revenues	8,332,790	8,333,800	8,305,332
Total Funds Available	8,941,451	9,187,546	9,445,682
Expenditures			
Personnel	1,748,971	1,970,220	2,021,422
Supplies	227,386	359,876	359,876
Repair & Maintenance	44,164	58,844	58,844
Utilities	33,408	49,550	49,550
Information Technology	57,442	86,510	86,510
Services & Charges	2,231,911	2,389,286	2,389,286
Vehicle Usage	1,154,729	1,175,640	1,175,640
Capital Expenses	169,372	131,909	131,909
Fleet Services & Charges	350,000	554,897	829,897
Transfers Out	1,783,719	1,115,139	1,115,139
Total Expenditures	7,801,101	7,891,871	8,218,073
Excess Revenues over Expenditures	531,689	441,929	87,259
Ending Fund Balance	\$ 1,140,350	\$ 1,295,675	\$ 1,227,609

Solid Waste Revenues



A white boat with the name 'Shannon' written on its side is floating on a body of water. The boat is positioned in the center of the frame, and the water is a light blue-grey color. The background is slightly blurred, showing some distant structures and a hazy sky.

Financial Update - Capital Improvement and Debt

City of Sherman
GENERAL IMPROVEMENT FUND

	Actual 2020-2021	Adjusted Budget 2021-2022	Projected 2021-2022
Beginning Fund Balance	\$ 9,656,463	\$ 31,598,481	\$ 36,395,135
Revenues			
Transfers In	250,000	1,569,000	1,269,000
Transfers In - Impact Fees	-	-	300,000
Intergovernmental	-	-	65,000
Grant Revenue	-	-	-
Interest Income	7,553	150,000	25,000
Miscellaneous Revenue	-	-	316,215
Debt Proceeds	33,647,608	334,000	334,000
Total Revenues	33,905,161	2,053,000	2,309,215
Total Funds Available	43,561,624	33,651,481	38,704,350
Expenditures			
Facilities	1,470,572	17,594,000	10,533,609
Parks	283,816	980,000	980,000
Streets	5,279,977	11,893,290	11,449,383
Other	132,124	150,000	951,048
Transfers Out	-	-	-
Total Expenditures	7,166,489	30,617,290	23,914,040
Excess Revenues over Expenditures	26,738,672	(28,564,290)	(21,604,825)
Ending Fund Balance	\$ 36,395,135	\$ 3,034,191	\$ 14,790,310

City of Sherman

GENERAL IMPROVEMENT FUND

	Actual 2020-2021	Adjusted Budget 2021-2022	Projected 2021-2022
Beginning Fund Balance	\$ 9,656,463	\$ 31,598,481	\$ 36,395,135
Revenues			
Transfers In	250,000	1,569,000	1,269,000
Land Sale Proceeds	-	-	316,215
Intergovernmental	-	-	65,000
Transfer In - Impact Fees	-	-	300,000
Interest Income	7,553	150,000	25,000
Debt Proceeds	33,647,608	334,000	334,000
Grant Revenue	-	-	-
Total Revenues	33,905,161	2,053,000	2,309,215
Total Funds Available	43,561,624	33,651,481	38,704,350
Expenditures			
(1) FM 1417 (82 to 56) Eng, ROW & Match	1,999,978	-	-
(1) Pecan Grove Ball Fields	33,816	-	-
(1) Moore St - Park to W. Travis	189,616	-	2,027,873
(1) Steeplechase Dr Extension	3,243	-	-
(1) Hilre Drive Extension	153,360	-	165,511
(1) Travis St West	883,998	-	-
(1) Park Ave Realignment	1,753,397	-	121,135
(1) Bridges-Center/McGee	62,390	-	24,290
(1) TxDOT 1417 & W. Travis Intersection	2,500	-	1,040
(1) Lamberth Rd Thoroughfare	375	500,000	500,000
(1) Taylor St Extension Eng & ROW/McGee St Ext	1,405	540,000	1,560,000
(1) Ramp Resersal Northbound 75 at FM 1417	33,084	-	-
(1) Friendship ROW 56 to Lamberth	105	600,000	-

City of Sherman

GENERAL IMPROVEMENT FUND

	Actual 2020-2021	Adjusted Budget 2021-2022	Projected 2021-2022
(3) UB Remodel	2,200	-	-
(3) Quail Run Park	250,000	-	-
(3) Police Firing Range	5,036	-	-
(3) Renovate Cemetery & Maint Bldg	27,703	-	-
(3) Self check-out stations RFID	39,126	-	-
(3) (Necessity) Station No. 1 roof replacement	55,900	-	-
(3) New police station - site and design	842,487	-	-
(3) Land Sale at W. Travis & FM 1417	6,178	-	1,947
(3) Central Fire Brick Repair	3,500	-	-
(3) Auditorium Chiller	-	-	187,662
(3) Bel Air Blvd Construction Ph I	92,998	-	806,006
(3) Recreation Center Study	-	40,000	40,000
(3) Call Recording Software	-	70,000	70,000
(3) FM 1417 signal at Bel Air Blvd Design	-	75,000	75,000
(3) MLK Restrooms (partial CDBG funded \$240,000)	-	90,000	90,000
(3) Comprehensive Master Plan	-	100,000	100,000
(3) Watchguard video evidence platform	193,586	100,790	100,790
(3) Re-construct San Miguel cul-de-sac	-	110,000	110,000
(3) Fairview Basketball	-	150,000	150,000
(3) Airport Pavement Maintenance-City match	-	182,500	182,500
(3) Replace Fiber from Muni to PD	-	235,000	235,000
(3) Expand Fairview tennis courts; pickleball	-	240,000	240,000
(3) Pecan Grove West shading	-	270,000	270,000
(3) Beach Club Blvd design	-	300,000	300,000

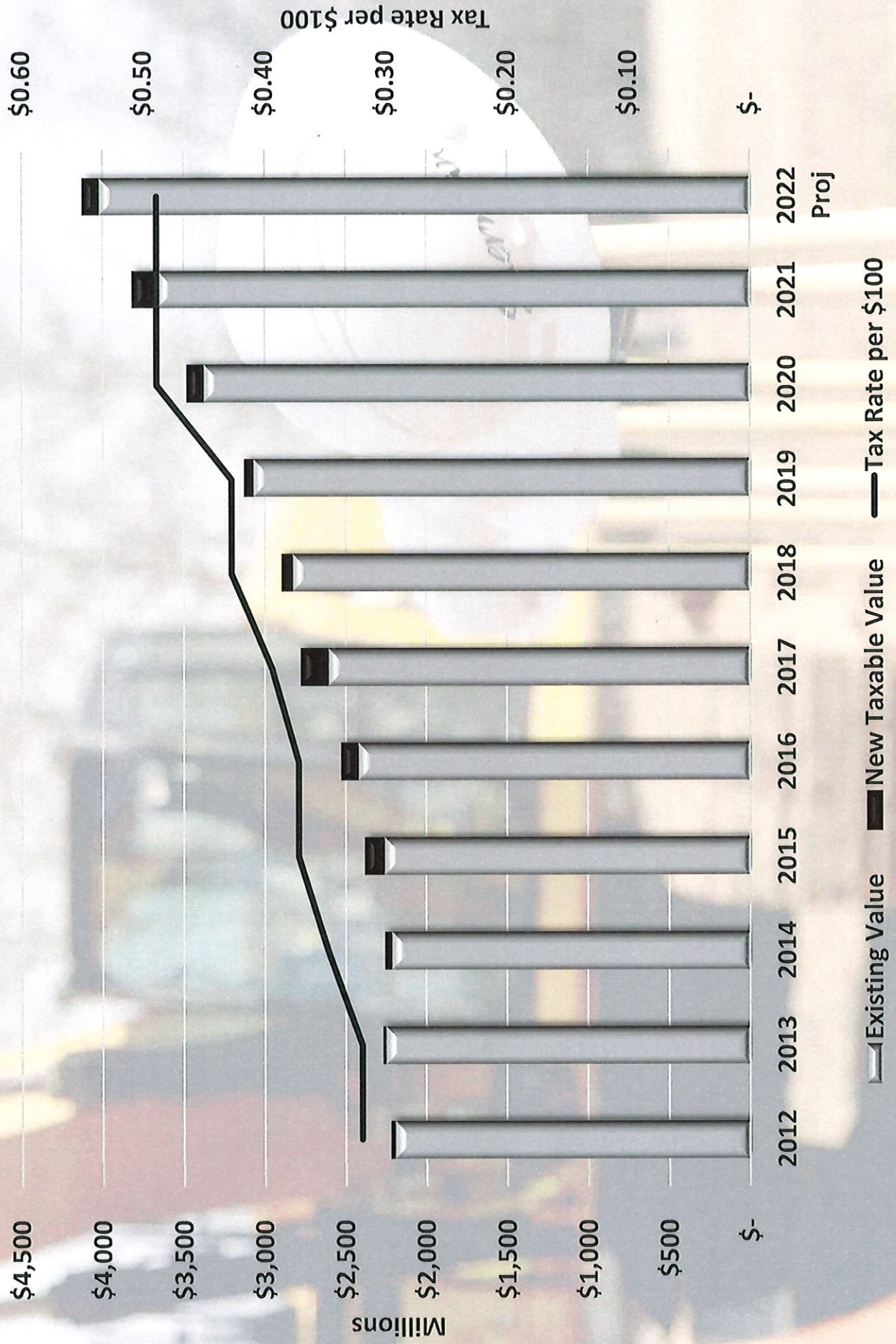
City of Sherman

GENERAL IMPROVEMENT FUND

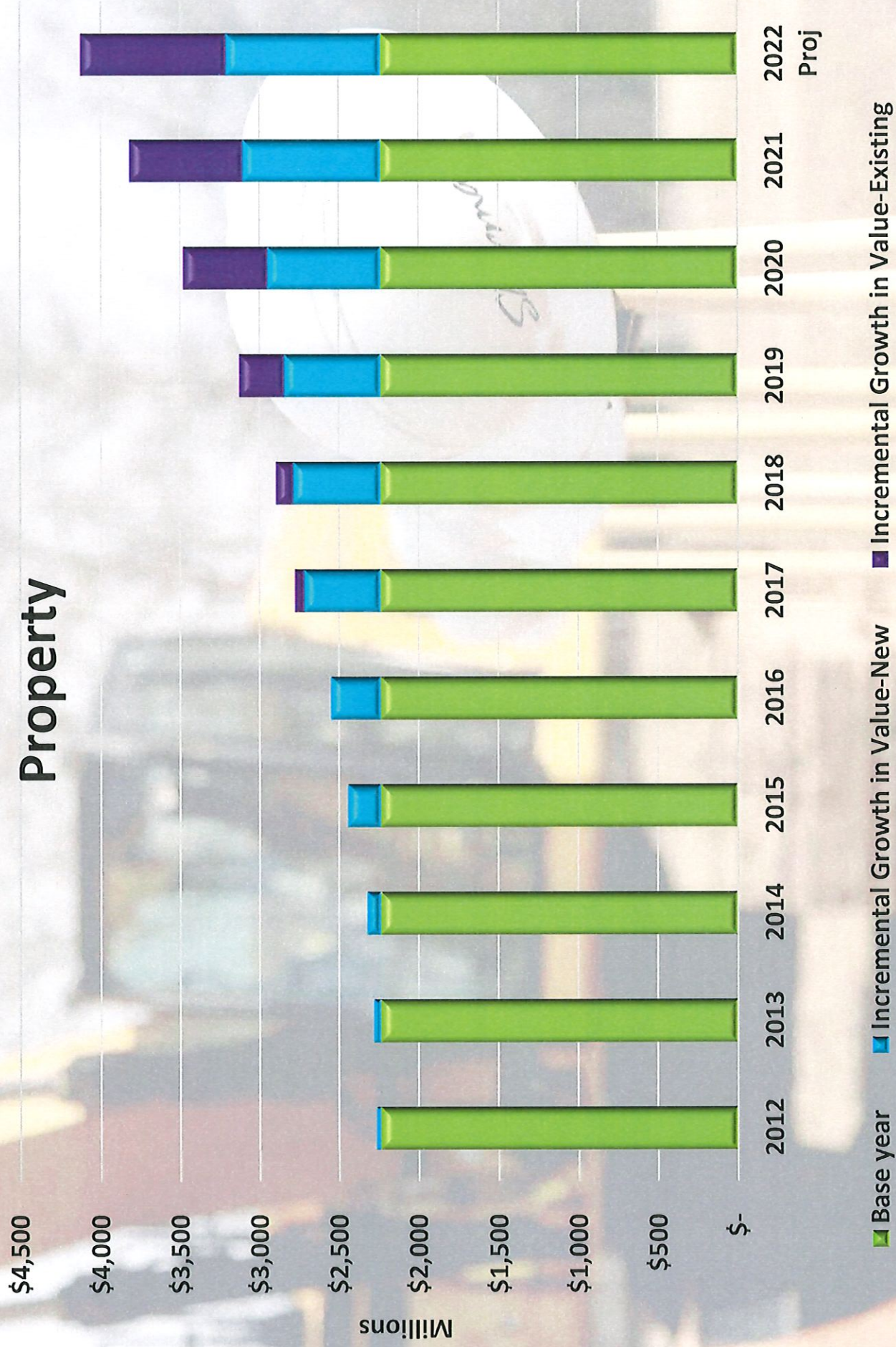
	Actual 2020-2021	Adjusted Budget 2021-2022	Projected 2021-2022
(4) Sign Table	-	17,500	17,795
(4) Additional Parking Sta 2	-	20,000	20,000
(4) Latex Printer Sign Shop	-	20,500	18,165
(4) Privacy Fence Sta 3	-	25,000	25,000
(4) Front Fence & Gate for Sta 5.5	-	35,000	35,000
(4) Pecan Grove West Electrical Upgrade	-	35,000	35,000
(4) Wanco Message Boards	-	37,000	34,082
(4) Trail Development The Grove	-	50,000	50,000
(4) Bay Doors at Sta 1,2,3, & 5	-	94,000	94,000
(5) Shepherd Rd Design	-	330,000	369,700
(5) Bridge-S. Travis	-	600,000	575,710
(5) FM 1417 design/ROW - SH 56 to W. Travis	-	1,500,000	500,000
(5) Bel Air Blvd Construction Ph II	-	1,500,000	500,000
(5) Moore St - W. Travis to FM 1417	-	2,300,000	2,780,834
(5) Moore St - Park to power easement	-	2,200,000	500,000
(5) New police HQ - Construction	527,568	17,250,000	10,000,000
(5) Major Street Rebuilds	-	1,000,000	1,000,000
Total Expenditures	7,166,489	30,617,290	23,914,040
Excess Revenues over Expenditures	26,738,672	(28,564,290)	(21,604,825)
Ending Fund Balance	\$ 36,395,135	\$ 3,034,191	\$ 14,790,310

- (1) Pre-2021 CO
- (2) SEDCO funded
- (3) Land-sale funded/General Fund Transfer
- (4) 2021 Tax Notes
- (5) 2021 CO/Impact Fees

New Value and Growth in Existing Property



Incremental New Value and Growth in Existing Property



Debt Update



CO Bond Summary

2016 C.O. 2017 C.O. 2018 C.O. 2019 C.O. 2021 C.O.

Streets	(in millions)	(in millions)	(in millions)	(in millions)	(in millions)	Total
TxDOT 1417 & W. Travis Intersection	\$ -	\$ -	\$ -	\$ 2.0	\$ -	2.0
TxDOT-Hwy 75 Gap Project	-	-	-	8.2	-	8.2
* TxDOT Ramp Reversal at 75/1417	-	0.2	2.3	-	-	2.5
TxDOT-FM 1417 - US 82 to SH 56 Eng +	1.6	-	2.4	1.4	-	5.4
Friendship Road - Eng + ROW	1.1	-	0.1	-	0.2	1.4
Lamberth Rd	-	0.8	-	-	-	0.8
Canyon Creek	2.3	0.3	-	-	-	2.6
Swan Ridge	0.1	-	-	-	-	0.1
TxDOT - FM 1417 56 to W. Travis	-	0.9	-	-	1.0	1.9
ROW/Eng	0.1	4.9	2.9	1.8	-	9.6
Travis St West	-	-	-	1.9	-	1.9
Legacy Blvd	-	1.2	0.5	0.8	-	2.5
Taylor/Washington Eng + ROW	-	-	0.9	-	-	0.9
* Northgate Drive	-	-	-	2.1	-	2.1
Moore St - W Travis to Park	-	-	-	-	2.8	2.8
Moore St - W Travis to FM 1417	-	-	-	-	2.2	2.2
Moore St - Park to power easement	-	-	-	0.5	-	0.5
Steeplechase Drive Ext	-	-	1.0	1.0	-	2.0
Park Ave Realignment (net)	-	-	-	0.1	-	0.1
Flanary/Progress	-	-	-	0.3	-	0.3
Hilre Drive Extension	-	-	-	0.1	-	0.1
Munson Planned Development	-	-	-	-	-	-
						30

CO Bond Summary

2016 C.O. 2017 C.O. 2018 C.O. 2019 C.O. 2021 C.O.

	(in millions)	(in millions)	(in millions)	(in millions)	Total
Shepherd Rd Design					0.4
Bel Air Blvd Construction Ph II					1.5
Major Street Rebuild					1.5
					-
					-
<i>Facilities</i>					
Library	1.7	-	0.8	-	2.5
Fire Station #4	-	3.0	1.0	-	4.0
Police Headquarters				17.3	17.3
					-
					-
<i>TIRZ</i>					
TIRZ #5 Sherman Crossroads	-	4.0	-	-	4.0
TIRZ #6 Sherman Landing	-	3.0	-	-	3.0
TIRZ #7 Legacy Village	-	-	2.4	-	2.4
TIRZ #7 Exp Bel Air				-	-
					-
					-
TIRZ Projects				2.6	2.6
					-
					-
<i>Bridges</i>					
Travis/Center/McGee	-	0.5	-	0.5	1.0
					-
					-
<i>Parks</i>					
Pecan Grove West Ballfields	-	-	5.0	-	5.0
					-
Totals	\$ 6.9	\$ 18.8	\$ 19.2	\$ 20.0	\$ 30.0
					\$ 94.9
					\$ 34

Outstanding CO/GO Debt

(in 000)

Description	Interest	Principal
2004 TIF #1	\$ 10,656	\$ 240,000
2016 CO	1,108,163	5,455,000
2017 A Stormwater	880,894	3,175,000
2017 CO General Imp	4,684,088	15,410,000
2017 Refunding	919,400	6,065,000
2018 CO	7,590,650	17,495,000
2019 CO	7,822,388	17,760,000
2021 CO	10,866,725	28,635,000
2021 Tax Notes	135,400	1,330,000
Total	\$ 34,018,363	\$ 95,565,000

Utility Fund Stuff

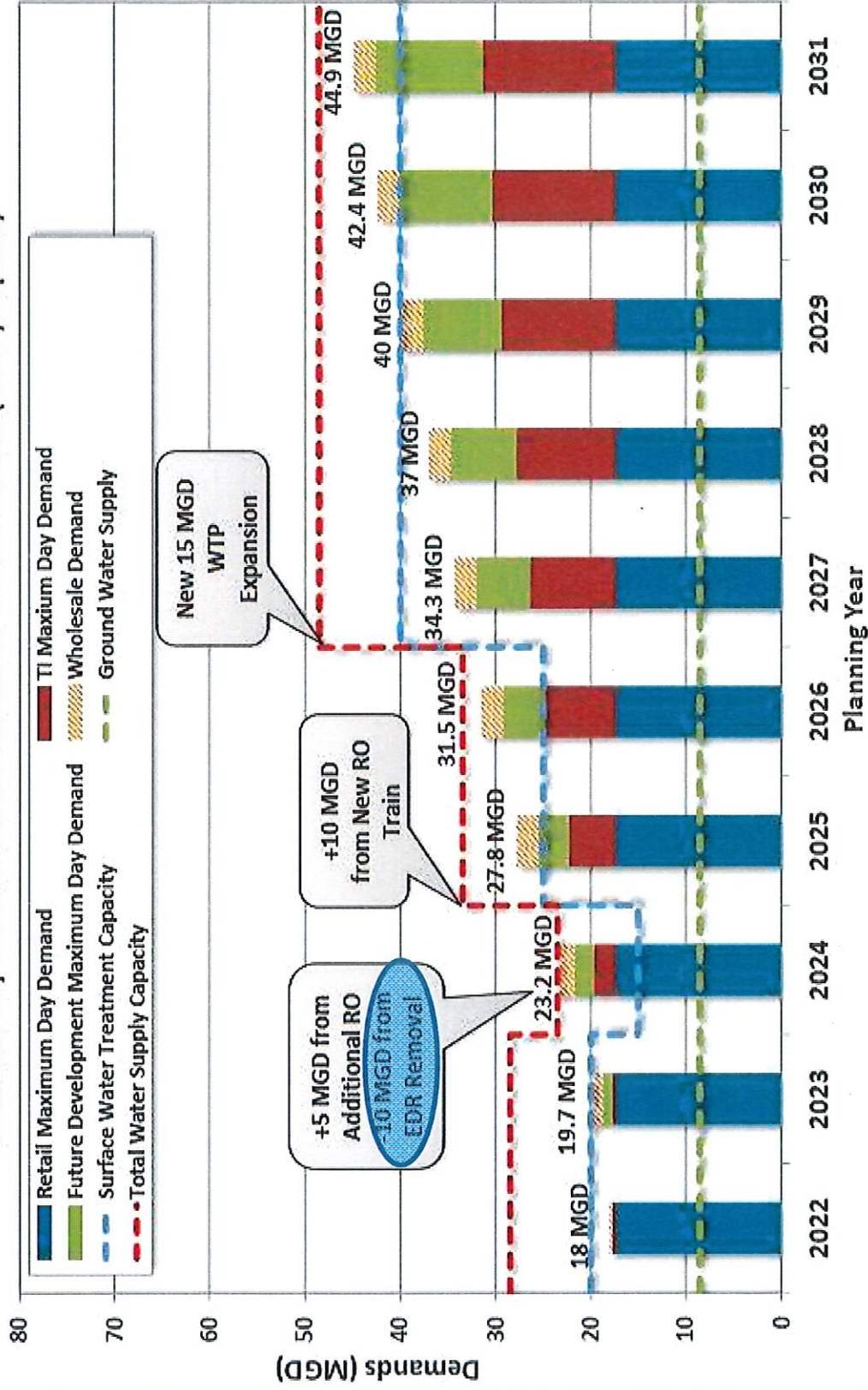




City of Sherman Water Master Plan

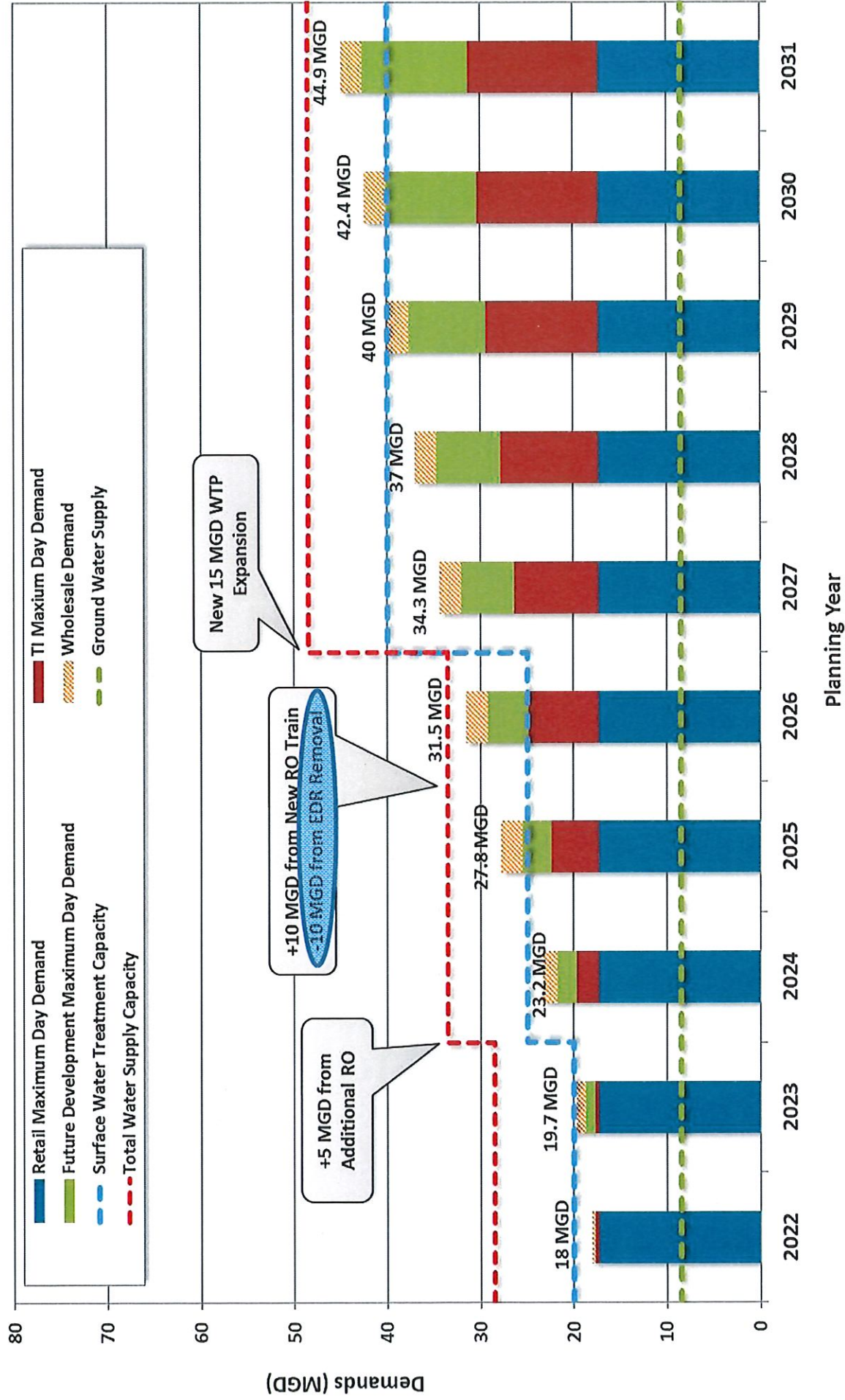


Maximum Day Demand and Surface Water Treatment Plant (SWTP) Capacity



City of Sherman Water Master Plan

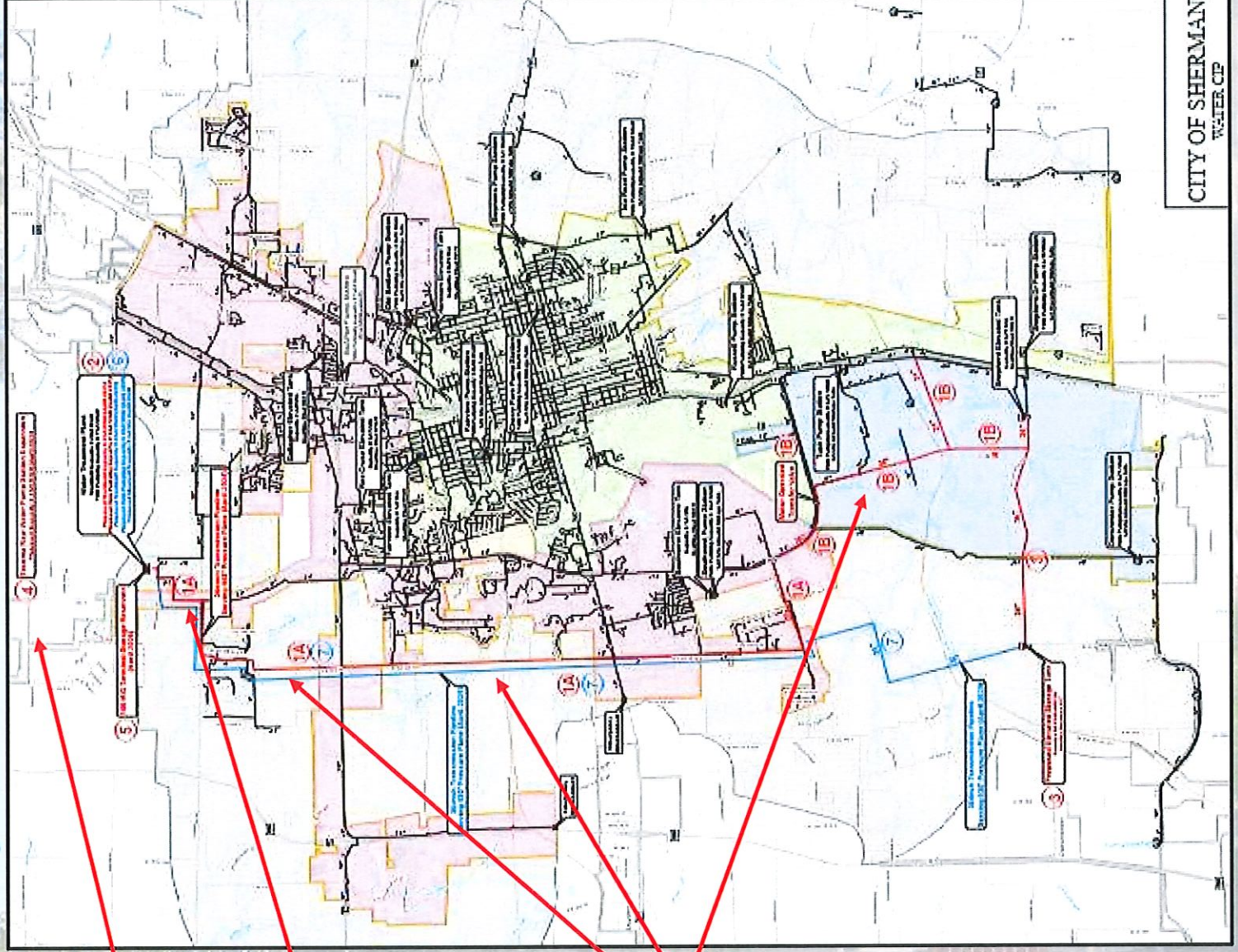
Maximum Day Demand and Surface Water Treatment Plant (SWTP) Capacity



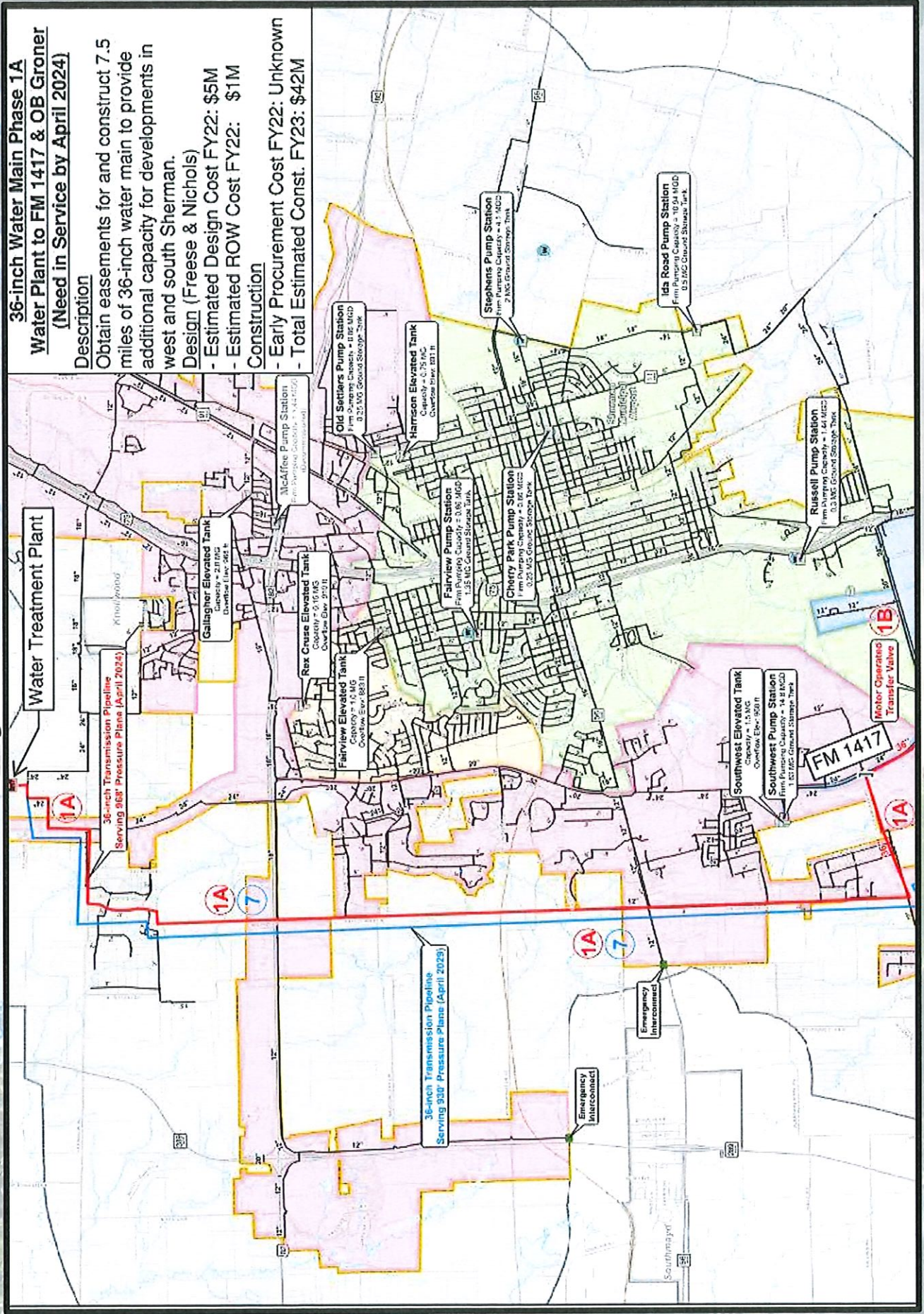
Lake Texoma
Pump Station

WTP Expansion

Pipeline(s)



Water Project 1A CMAR



Water Project 1B CMAR

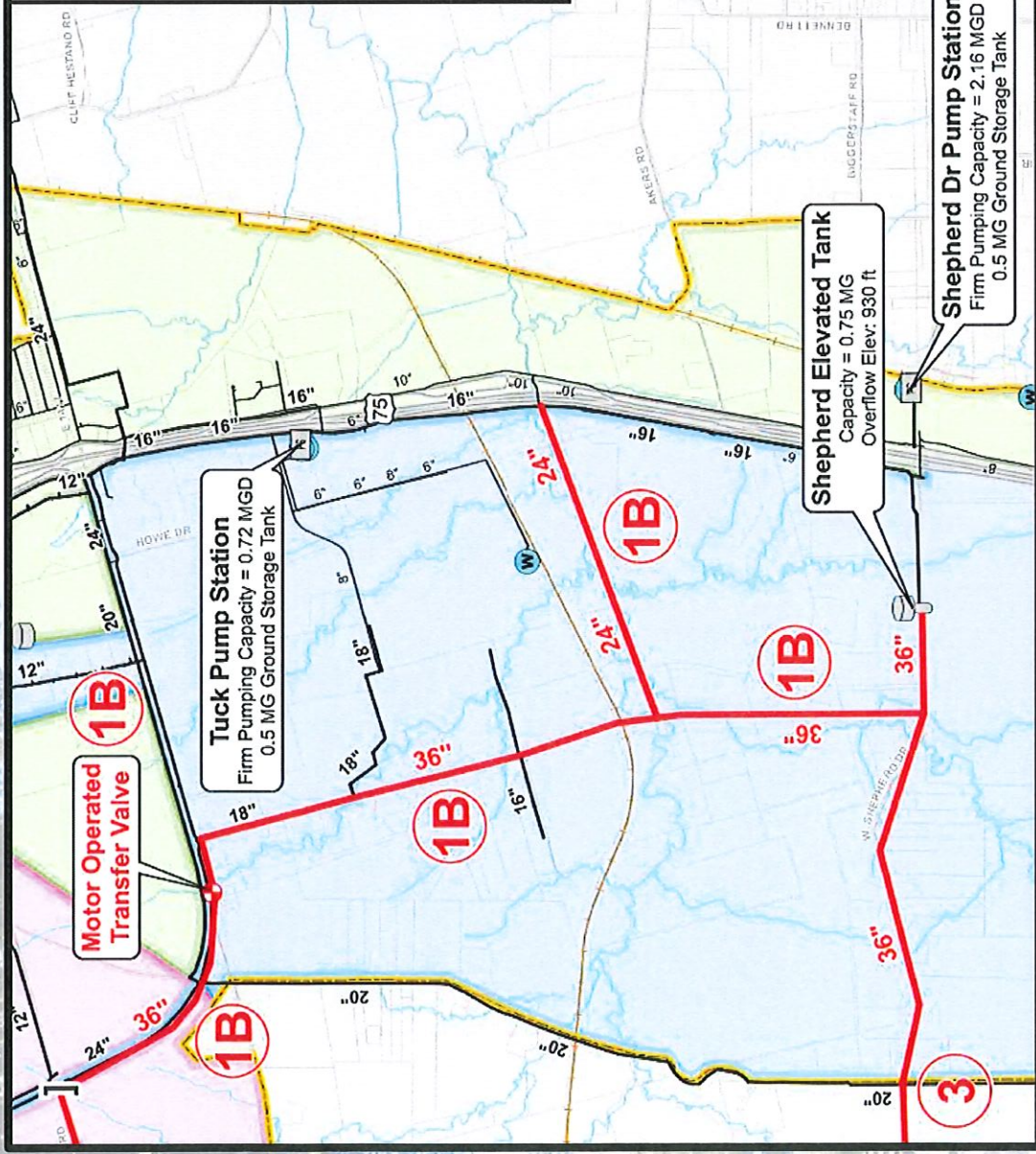
36-inch & 24-inch Water Main Phase 2A OB Groner to Shepherd Drive (Needed by 2024)

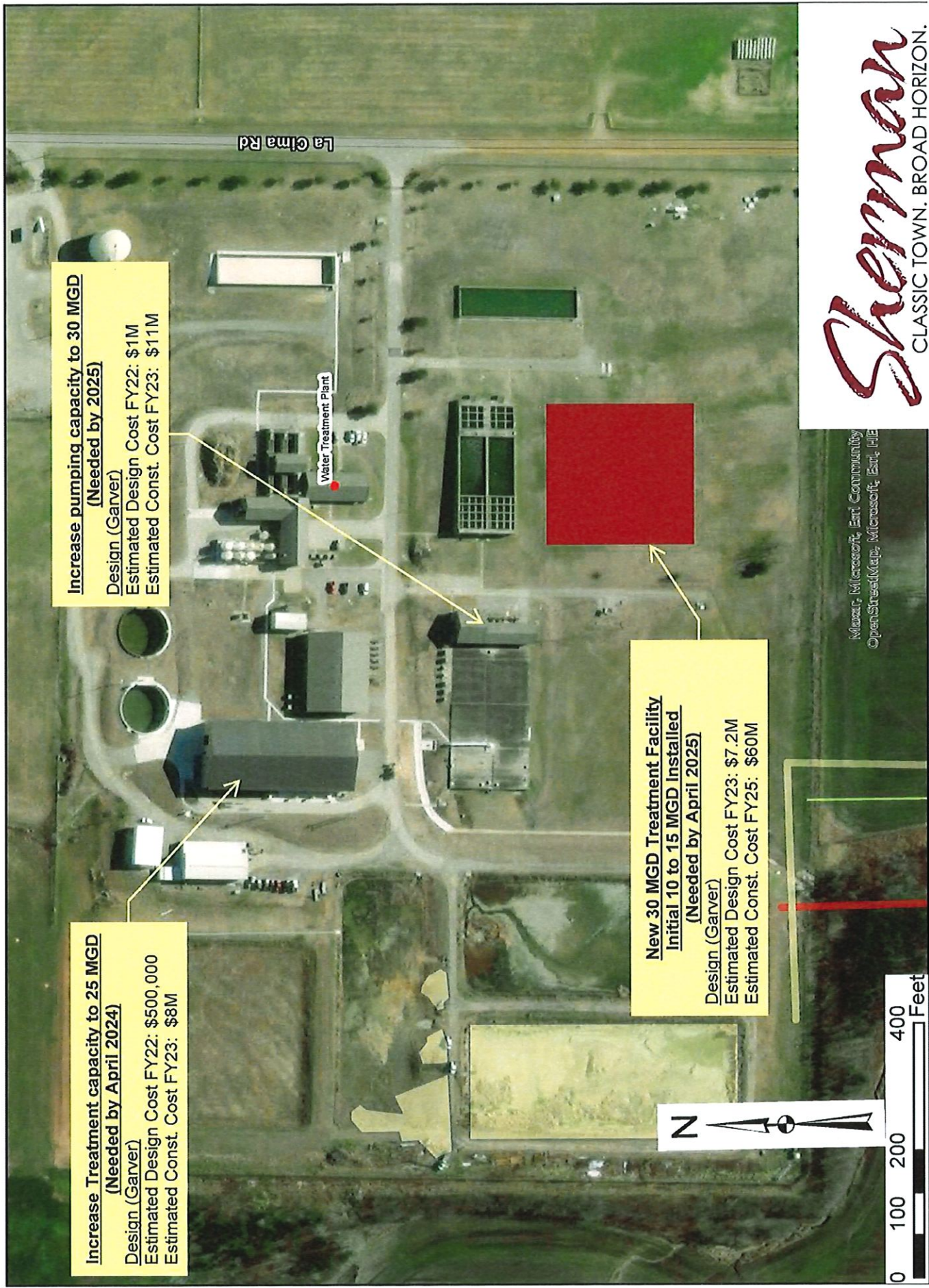
Description

Obtain easements for and construct 3.5 miles of 36-inch water main with a motor operated pressure valve and 1 mile of 24-inch water main to provide additional capacity for developments in south Sherman.

Design (Freese & Nichols)

- Estimated Design Cost FY22: \$2M
 - Estimated ROW Cost FY22: \$400,000
- ### Construction
- Early Procurement Cost FY22: Unknown
 - Total Estimated Const. FY23: \$16M



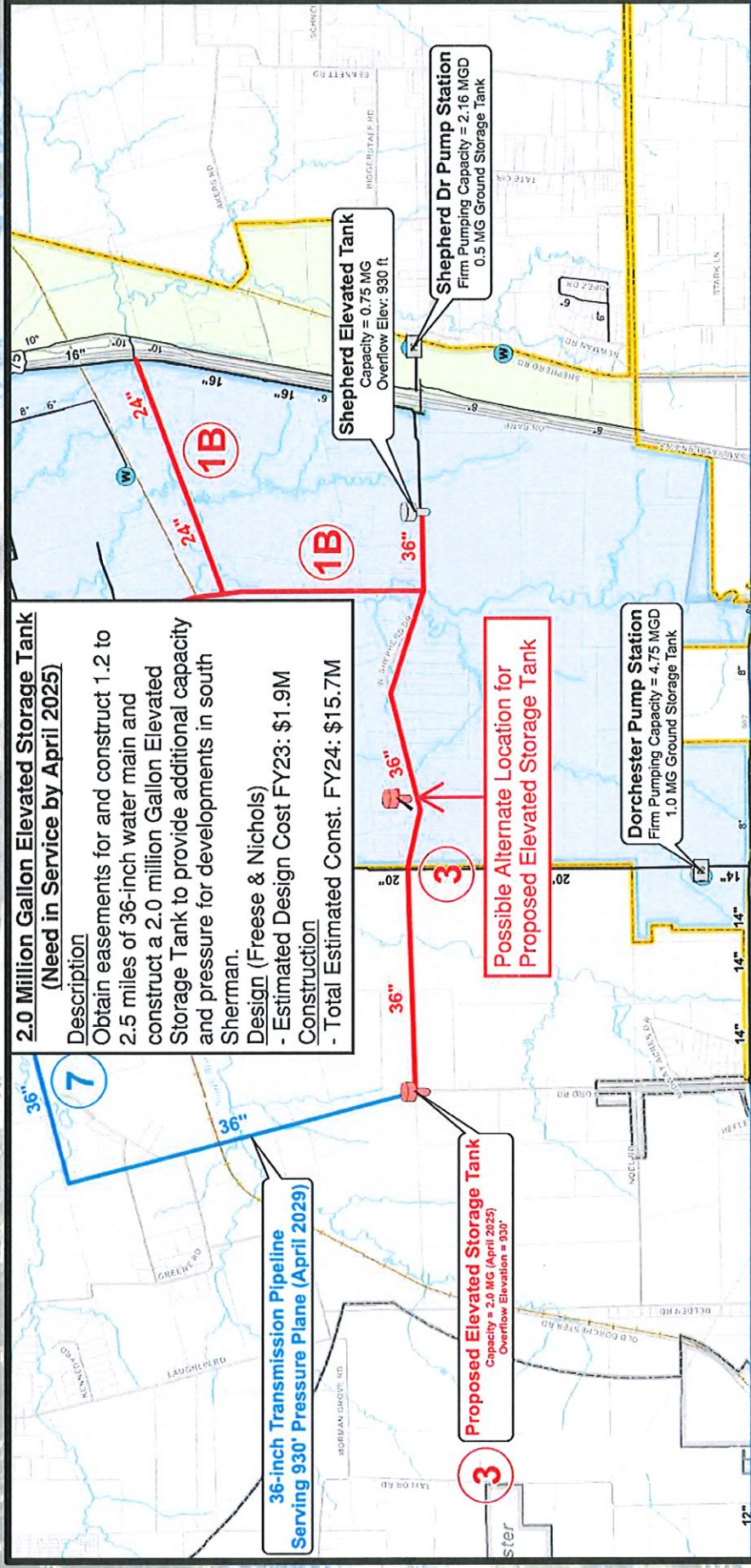


**Increase pumping capacity to 30 MGD
(Needed by 2025)**
Design (Garver)
Estimated Design Cost FY22: \$1M
Estimated Const. Cost FY23: \$11M

**Increase Treatment capacity to 25 MGD
(Needed by April 2024)**
Design (Garver)
Estimated Design Cost FY22: \$500,000
Estimated Const. Cost FY23: \$8M

**New 30 MGD Treatment Facility
Initial 10 to 15 MGD Installed
(Needed by April 2025)**
Design (Garver)
Estimated Design Cost FY23: \$7.2M
Estimated Const. Cost FY25: \$60M

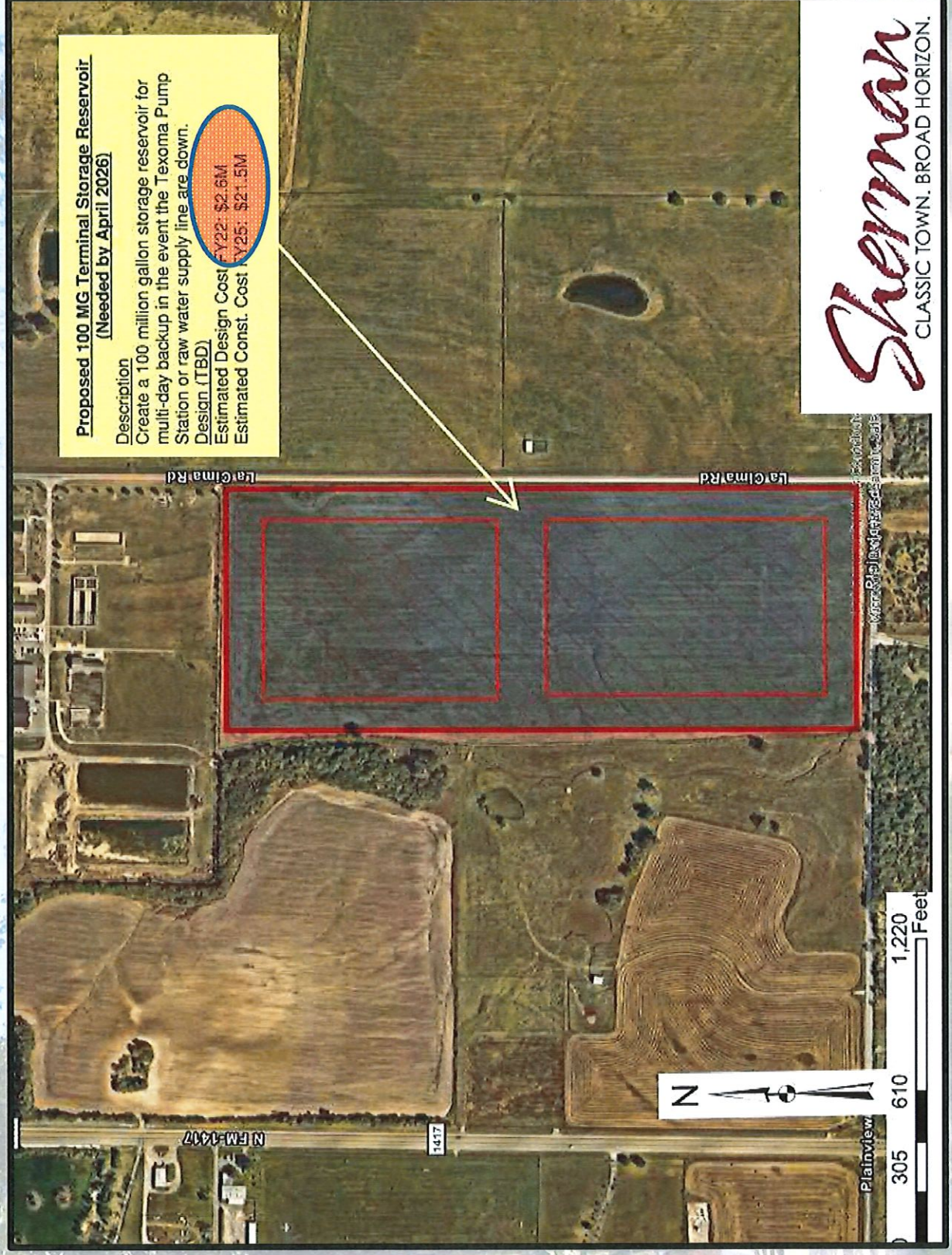
Water Project 3



Water Project 4



Water Project 5 CMAR



Projected Debt Service



Utility Projects Debt Approach

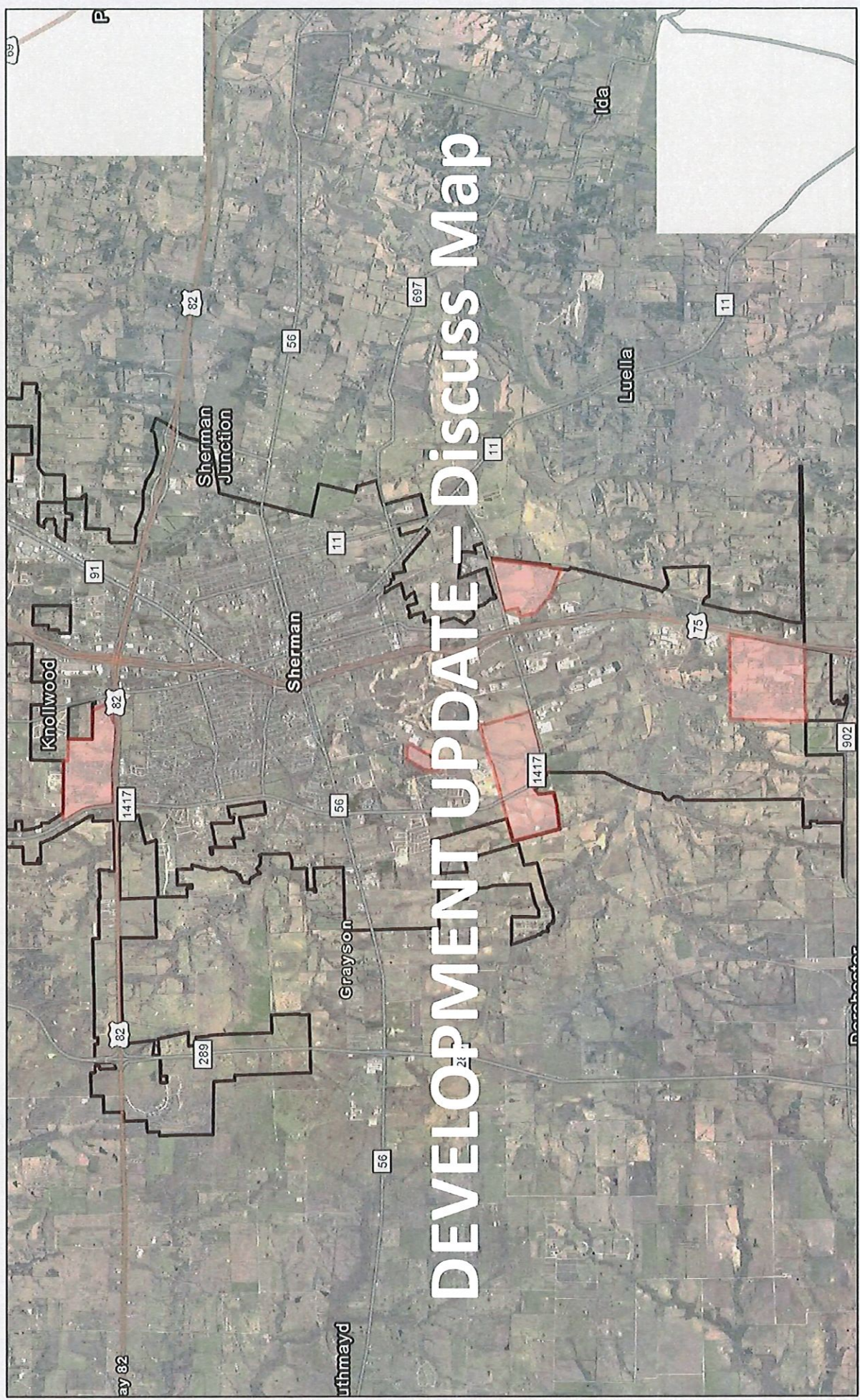
- All debt issued thru GTUA
- Phased approach in FY22, FY23, FY24
- Total needs \$150M - \$250M
 - FY22 - \$70M Engineering, ROW, materials acquisition
 - FY23 - \$100M Construction
 - FY24 - \$80M Construction

Utility Fund Projections

Volume Water Rate	\$3.27	\$3.37	\$3.47	\$3.57	\$3.68	\$3.79	\$3.79
Volume Sewer Rate	\$3.48	\$3.69	\$3.95	\$4.22	\$4.52	\$4.84	\$4.84
UTILITY FUND	Actual	Projected	Projected	Projected	Projected	Projected	Projected
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Beginning Fund Balance	\$ 4,323,306	\$ 4,157,410	\$ 4,798,912	\$ 4,033,559	\$ 2,359,889	\$ 995,400	\$ 7,055,134
Water Sales	13,158,776	14,492,901	15,415,000	16,394,000	17,430,000	18,529,000	18,918,000
Panda	881,013	887,099	887,000	887,000	887,000	887,000	887,000
TI - Water	-	-	1,014,000	1,670,000	2,473,000	5,316,000	6,756,000
Sewer Sales	7,857,839	8,268,000	9,055,000	9,919,000	9,957,000	11,911,000	12,131,000
TI - Sewer	-	-	865,000	1,480,000	2,277,000	5,084,000	6,462,000
Impact Fees-Water	-	650,000	600,000	1,200,000	660,000	500,000	-
SED/CO/GTUA	401,350	298,296	298,297	298,298	298,299	298,300	298,300
Interest	8,597	10,000	10,000	10,000	10,000	10,000	10,000
Other	1,019,370	1,019,000	1,019,000	1,019,000	1,019,000	1,019,000	1,019,000
Grant Revenue		109,168					
Transfers in	438,000	183,000	206,000	210,000	214,000	218,000	222,000
Total Revenues	23,764,945	25,917,464	29,369,297	33,087,298	35,225,299	43,772,300	46,703,300
Personnel	6,433,461	6,626,000	6,825,000	7,030,000	7,241,000	7,458,000	7,682,000
Premium Pay		141,517					
Other	8,269,119	7,550,000	7,930,000	8,330,000	8,750,000	9,190,000	9,370,000
Debt Service	6,486,471	6,982,494	6,951,823	7,326,170	7,058,633	7,055,917	6,909,305
Debt Service-New GTUA	-	749,951	4,852,827	8,288,798	9,527,155	9,751,649	10,055,019
Capital Outlay	441,790	800,000	800,000	800,000	800,000	800,000	800,000
Transfers	2,300,000	2,426,000	2,775,000	2,986,000	3,213,000	3,457,000	3,720,000
Total Expenditures	23,930,841	25,275,962	30,134,650	34,760,968	36,589,788	37,712,566	38,536,324
Excess (Deficit)	(165,896)	641,502	(765,353)	(1,673,670)	(1,364,489)	6,059,734	8,166,976
Ending Fund Balance	\$ 4,157,410	\$ 4,798,912	\$ 4,033,559	\$ 2,359,889	\$ 995,400	\$ 7,055,134	\$ 15,222,110
Days in Fund Balance	63	69	49	25	10	68	45
							144

Utility Fund Approach for FY2023

- Combatting potential deficits for FY23-FY25
 - Several \$million cumulative deficit during major construction period
 - “Borrow” from General Fund excess reserves?
 - Capitalized Interest during construction period?
 - SEDCO participation??
- Operating margins stabilize in FY2026, so the critical period is through FY2025

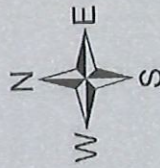


Sherman
ENGINEERING DEPT.
220 W. MULBERRY
SHERMAN, TX 75090



BELAIR VILLAGE

- All Phase I lots sold (327 lots), construction to begin 2Q2022
- Engineering complete on Phase II single family (600 lots) in 2Q2022
- Phase I multifamily (310 units) construction begin 2H2022. Approximately 3,000 multi-family units
- Financial Impact
 - \$2.2 M annual property tax revenue (non-TIRZ) @\$650M+ value
 - \$2.1M Utility Revenues - annual
 - \$3.3M Impact Fees (one-time)
 - \$1.2M Engineering & Inspection Fees (one-time)

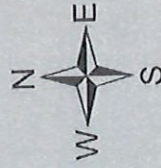


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HERITAGE RANCH

- Approximately 420 acres, single- and multi-family residential, commercial/retail, office, entertainment
- Approximately 650 single-family houses (170 acres)
- Approximately 950 multi-family units
- Commercial/Retail/Entertainment
- Estimated Financial Impact
 - \$1.5 M property tax revenues - annual (\$300M+ value)
 - \$1.0 M utility revenues - annual
 - \$2.3 M Impact Fees (one-time)
 - \$800k Engineering & Inspection Fees (one-time)
- Infrastructure construction beginning **3Q 2022**

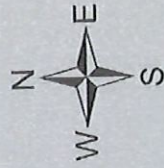


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HICKORY HILL (PD)

- Approximately 140 acres, single- and multi-family residential, commercial/retail, green/open space
- Approximately 350 single-family houses
- Approximately 500 multi-family units
- Estimated Financial Impact
 - \$850K property tax revenues - annual (\$175M+ value)
 - \$1.0 M Impact Fees (one-time)
- PD submitted to staff in March, May P&Z consideration, June Council consideration



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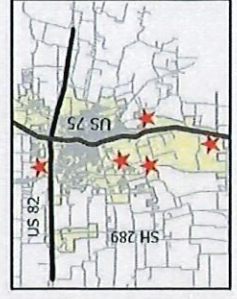


WASHINGTON MEADOWS

- Approximately 35 acres, single-family residential only
- Approximately 130 single-family houses
- Estimated Financial Impact
 - \$150k property tax base ongoing (\$30M+ value)
 - \$100k Utility Revenues
 - \$125k Impact Fees (one-time)
 - \$30k Engineering & Inspection Fees (one-time)
- Approximately 50 houses under construction or completed



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THE GROVE

- Approximately 57 acres, single- and multi-family residential only
- 190 single-family houses
- 192 multi-family units
- Estimated Financial Impact
 - \$315k property tax base ongoing (\$45M+ value)
 - \$250k Utility Revenues
 - \$225k Impact Fees (one-time)
 - \$50k Engineering & Inspection Fees (one-time)
- Multi-family (including duplexes) construction underway, and residential infrastructure essentially complete



CITY OF SHERMAN
Grove Development

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SHEPHERD CROSSING

- Approximately 530 acres, single- and multi-family residential, commercial/retail, office, entertainment
- PD plan approved
- Master Development Agreement approved April 2022
- Engineering complete in 4Q2022??



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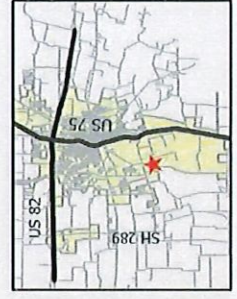


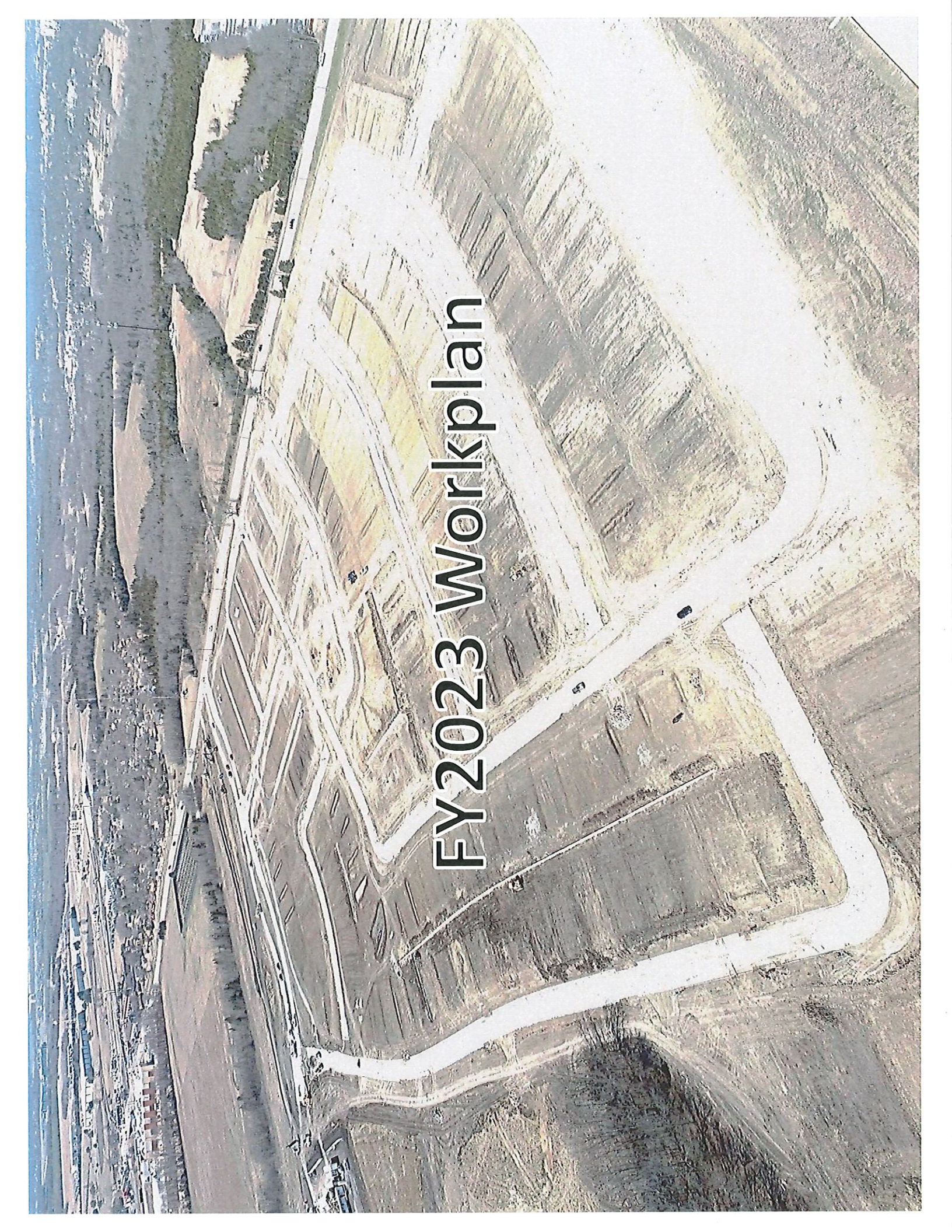
THE VILLAGE

- Approximately 620 acres, single- and multi-family residential, commercial/retail, office, civic, other
- Approximately 320 single-family houses
- Approximately 2,300 multi-family units
- Commercial/Retail/Entertainment
- Infrastructure construction beginning ???
- 100 acres under contract (SFR and MFR)



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FY2023 Workplan

Financial Expectations for FY2023 Budget

Financial Projections

- General Fund
 - Expect property tax values to be up \$100 million for new property added = \$500 K revenues
 - **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 at least \$2M for 1) growth in base, 2) inflation, 3) TI construction activities
 - Impact Fees, Engineering review fees, building permits up vs. FY22
- Utility Fund
 - Revenues - follow updated Rate Study recommendations
 - Expenses – Impact of additional debt service, net of capitalized interest
- Solid Waste Fund
 - Equipment and personnel for increased residential construction

Expected Rates and Fees – FY2023

- Property Tax Rates
 - No increase in A/V Tax rates, in fact...
 - Possible decrease in rates, depending on valuations and projected sales tax in lieu of property tax
- Utility Rates
 - Rate change based on Rate Study
- Solid Waste Rates
 - No expected rate changes
 - Annual TASWA distribution

Workplan Focus for FY2023

- Compensation and Personnel
 - Market adjustments/COLA in light of **9% inflation** (DFW CPI for March 2022 – highest since 1981)
 - Police and Fire Department focus on staffing levels + compensation
 - Hiring in Public Works and Parks areas?
- Utility Operations
 - Build Reserves
 - Rate adjustment to cover operations
 - Continued utility system planning
- Facilities
 - Police Facilities – Completion of HQ
 - New City Hall
 - Public Works and Fleet Maintenance facilities
 - Fire Station(s)

Workplan Focus for FY2023

- Planning
 - Adoption and implementation of Comprehensive Master Plan
 - Adopt Utility Rate Study
 - Adopt and implement Utility Master Plan
- CIP/Capital Expenses
 - 2023 CO bond package program
 - Streets
 - PD commitments (Heritage, Bel Air, new?)
 - Parks
 - Fire Station?
 - City Hall?

Workplan Focus for FY2023

- Utility System Enhancements – 3-Phased Approach

- Finalize engineering on:
 - WTP expansion
 - 36" water pipeline to Blalock
 - WWTP capacity planning – expand in place vs. additional plant??
- Begin construction on WTP and pipeline
- **Secure additional water rights**

- Utility Operations

- Adopt Rate Study recommendations
- Build Reserves
- Major debt issuance (via GTUA) for Phase I Water Improvements

- Facilities

- Police Facilities – Completion of HQ

Workplan Focus for FY2023

- Growth and Development
 - Bel Air – Phase II
 - Sherman Crossroads buildout
 - Heritage Ranch – Phase I
 - Shepherd Crossing ??
 - Various Non-PD
- Cleaning up the City
 - Enhanced environmental code enforcement
 - Partnerships/funding for homeless programs??
 - More aggressive fines??
- Staffing considerations
 - Public Works – Streets, Solid Waste, Water Plant
 - Police and Fire

Council Initiatives for FY2023?

CALENDAR

Mar 30 – Apr 15, 2021	Quarterly individual meetings
April 19, 2022	Budget Planning Meeting
May 6-17, 2022	Management budget reviews
May 24, 2022	CIP Council Workshop
June 16-17 (7-8?), 2022	Budget Workshop
August 1, 2022	Draft Budget to Council
August 15, 2022	Budget Ordinance adopted

Direction and Final Questions??