

COUNCIL MINUTES – MARCH 21, 2017

Resolution No. 6204

Adopting an Interlocal Agreement with the Sherman Independent School District Board of Trustees for Partial Assignment of Option to Purchase Real Property

SISD Board of Trustees' Action Items

Consent Agenda

Consider and Act Upon Items Listed Under the Sherman Independent School District Board of Trustee's Closed Meeting, As Necessary

Adjournment

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

Tim Millerick, President of the Sherman Independent School District Board of Trustees, called the meeting to order at 6:19 p.m., declared a quorum present, and opened the SISD Meeting. Mayor Plyler called the meeting to order at 6:19 p.m., declared a quorum present, and opened the Called City Council Meeting.

RECESS FOR SHERMAN INDEPENDENT SCHOOL DISTRICT ART SHOW AND DINNER

The Meeting recessed from 6:19 p.m. until 7:02 p.m. for the SISD Art Show and dinner.

PLEDGE OF ALLEGIANCE

PRESENTATIONS FROM THE PUBLIC

There were no presentations from the public.

SHERMAN INDEPENDENT SCHOOL DISTRICT SUPERINTENDENT'S REPORT

Dr. David Hicks, SISD Superintendent, said this was the fourth joint meeting between the SISD Board of Trustees and the City Council and was a great opportunity.

He introduced Dr. Tyson Bennett, Assistant Superintendent for Finance and Operations, to present the "Building Bearcats" campaign. He introduced Council Member Kevin Couch, who is also the CEO of CBC Creative, and Tammy Kyrkendal, SISD Program Support, who worked together on the campaign. The campaign goal is to equip and prepare students for success after high school.

Dr. Tammy Smakskas, Assistant Superintendent for Student Engagement and Support, recognized SISD staff, students, and teachers for various activities and awards. First United Bank was recognized as "Partner of the Month" with the SISD.

SHERMAN INDEPENDENT SCHOOL DISTRICT LONG RANGE PLANNING: 2017 BOND PRESENTATION

Dr. Bennett updated everyone on the 2017 Bond Election for the SISD that will be held on May 6, 2017. He outlined statistics of the School District including an enrollment of 7,359 students with over 31 languages spoken, and the second largest employer in the area with 1,052 employees. He discussed accomplishments of the SISD and of the students. He added that, year after year, the SISD is sound financially.

As for the facilities, there are 14 schools in the SISD, with eight out of 12 averaging 65 years old. Those eight facilities have been renovated 44 times. A facility study completed 12 to 18 months ago

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showed the schools to be overcrowded. He said the capacity of the High School is 1,400, however they are currently serving over 1,800 students.

School Districts raise additional funds to deal with aging facilities and growth by passing bonds. During the last 40 plus years, the SISD has had a Bond Election about every 10 years. It has now been eleven and a half years since the last Bond Election. However, there has been consistent growth in the SISD. Dr. Bennett said they have had one investment in the growth of facilities in the last 23 years, and that was in 2005. Money from that Bond Election built three new schools, the new Administration Building, and completed some renovations.

A committee was organized to look at the facilities, look at what they want, and at what's best for the students, and make a recommendation on a master long range facility plan for the future. They addressed the facilities needed, the type of learning that was needed, instructional technology, and reconfiguring the grade levels. The committee also looked at District needs.

On January 17, 2017, the results of the study were presented to the Board of Trustees. The conclusions were, 10 years of growth, 1.5% over 10 years, is about 1,000 students that the School District has grown; equated to campuses, 1,000 students is about three elementary school campuses. Therefore, the SISD has grown about three campuses over the last 10 years, but not one building has been built. Portable facilities have been set at the High School and at Dillingham, and more will be set at the High School.

During the study, it was said that the facilities are well-maintained, however they are exceeding their life. Dr. Bennett said, education changes, safety and security changes, technology clearly changes, fine arts, athletics, and career fields change immensely, but the schools are the same. From the study, the following recommendations were made: build a new Sherman High School and undertake District and campus-wide technology upgrades. These will be the first two projects. For the proposed bond issues, \$160 million is the maximum bonding capacity that the SISD has. This will be used for the first two projects.

After that, the next set of projects will be Middle School number two by turning the old High School into a Middle School, and replacing two elementary schools on-site, bringing the projects up to \$3.8 million.

Mr. Bennett addressed the tax impact. The maximum bonding capacity is \$160 million, and the SISD will not be taxing above that amount. In Sherman, the average value home is \$87,948, that equates to a maximum increase of \$202.32 per year.

He explained that after the first set of projects, the SISD will start "buying down" debt, and paying off debt. He said the SISD has been very aggressive in paying down debt in the past and has saved \$28 million in interest alone. Property values have been increasing, which brings in additional revenue.

The committee also said the projects should take them out 15 to 20 years, but they need to move very quickly on them. Dr. Bennett said it takes about one year to design a High School and two years to build it, therefore three years before students can "move in." He said it saves time by going after the \$3.8 million now.

The first project would be a new High School that would accommodate about 2,100 students. The facility would be modernized, have new safety features, and new science labs and computer stations. There would also be a focus on career and technology to better prepare students for the workforce. The complex would also include new fine arts and athletic facilities.

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Dr. Bennett said to build this type of facility, about 100 acres would be needed. He said there is a tremendous partnership between the SISD and the City of Sherman for the site selection. The SISD spent about 10 months assessing the area and evaluating sites to determine the best possible location.

The site selected is approximately 100 acres and is bordered on the east side by Moore Street, on the south side by O.B. Groner Road, on the west side by FM 1417, and on the north side by Steeplechase Drive.

He introduced Chris Schmitt, Principal, Teague, Nall & Perkins, to discuss the site and what makes it the best site for the new High School. Mr. Schmitt said his company has done about 250 school sites in the last 15 years and selecting the correct site is a critical part of the process. When evaluating a site, they review topography, size, vehicle access, utilities, safety, and “does it fit.” The proposed site worked well with the City and Mr. Schmitt said this site scored the highest in almost every category.

Dr. Bennett said other projects that the SISD will be working on include technology upgrades across the District. He said it has been 11 years since there has been a technology upgrade and they have already began assessing the technology infrastructure needed.

Another project will be a second Middle School, which will actually be a conversion of the old High School. The school will accommodate about 1,000 students in grades six, seven, and eight. This will immediately take some of the pressure off of Dillingham Intermediate School. Sixth grade will be pulled from Dillingham, and Piner and the old High School will serve as one of the two Middle Schools.

Two new replacement Elementary Schools will also be built. Currently three schools have enough acreage on site to build adjacent to the current school with minimal disruption to the current facility. These are Wakefield Elementary, Crutchfield Elementary, and Fairview Elementary. Two of those three sites will get a new replacement school on-site.

Dr. Bennett said the last project will be athletics. Increased parking and improved traffic flow is needed for the facility, whether they build a new Stadium site or renovate the old site. Handicapped accessibility also needs to be improved, they need additional seating capacity, new student locker rooms, restrooms, press boxes, and community meeting spaces.

Dr. Bennett said Election Day is May 6, 2017, with Early Voting running from April 24, 2017 to May 2, 2017.

CITY OF SHERMAN LONG RANGE PLANNING: FUTURE DEVELOPMENT

Robby Hefton, City Manager, complimented the School Board for thinking long term. Since State law says an entity can only build a budget one year at a time, he said it was very easy to look only at needs for that one year. Entities rarely look at additional years into the future, especially 15 years. He gave them “kudos” for their long-range planning.

He also said “how a school goes, is also a great determinant of how a City goes.” One of the first questions that developers from residential, commercial, and industrial projects always want to know is about the school system. The SISD has announced a \$300 million dollar bond package to address needs over the next 15 to 20 years. The School Board is very engaged in community. Mr. Hefton said schools are a great economic driver for a City.

He said it was great that the City and the School District are having these conversations and have “reconnected” over the last 12 to 18 months. They are discussing needs that are good for the City, the School District, and Sherman as a community.

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Mr. Hefton said the City is currently pursuing opportunities with developers and industry for growth in all areas, residential, commercial, retail, and industrial. He outlined economic development tools that the City has available, such as Tax Increment Reinvestment Zones, tax abatements, Chapter 380 Agreements, and land and cash incentives through the Sherman Economic Development Corporation.

He explained that the City “prepares the land for growth” through infrastructure such as the water/sewer distribution system, including plant capabilities and facilities, and streets and thoroughfares. The City has begun looking at these elements for growth planning with a phased approach.

One of the first things to consider is thoroughfares. If those aren't planned first the most direct path may not be available when the road needs to be constructed. For example, Lamberth Road will be one of the major thoroughfares to SH 289, which is now the City's western boundary. The City is currently working with developers to determine the layout and obtain right-of-way for future construction to SH 289. Construction of the actual thoroughfare will be handled in a phased approach and only constructed as warranted by development. Mr. Hefton added that it was critical to work with the SISD to encourage growth within the City.

He discussed areas of recent development in the City including Austin Landing, Canyon Creek, the Preserve, Pebblebrook Phase II and III, and Parkhaven. These areas have added “hundreds of lots” to the City. Carriage Estates has also recently been annexed and the annexation of Preston Club Estates is currently underway. These annexations are voluntary because the residents realize Sherman has an exceptional water system and infrastructure, and can serve them in a way they can't be served outside the City. There has also been a small annexation on West Houston Street.

As for street repairs, Mr. Hefton addressed the widening of Loy Lake Road that is currently underway, saying it should be complete in 2017. Other planned thoroughfares include the extension of Canyon Creek Drive; Lamberth Road, from FM 1417 to SH 289; and the Taylor / Washington Street Thoroughfare. The intent is not to build these roads now, but to plan for the future construction of the roads by planning the engineering and buying the right-of-way.

Mr. Hefton said the extension of Travis Street to the west is planned to SH 289. He explained that this road is critical to the City now because of the commercial development, Sherman Crossroads, that is currently underway at US Hwy 75 and FM 1417. There are a couple of medical facilities that are already breaking ground and should be open in the next 12 months. He said this type of development is the kind that “drives the tax base” both from a sales tax standpoint and a property tax standpoint.

Mr. Hefton identified the proposed site for the new High School and said there would be connectivity on the west side from FM 1417, as well as the new western extension of Travis Street, which will tie into the existing Travis Street and give good accessibility to the property.

He outlined other areas of commercial development, including the area at US Hwy 75 and FM 691, tentatively named Sherman Landing; FM Hwy 1417; and US Hwy 82 and SH 289. The City Council just approved engineering for a project to bring sewer to all four corners of the US Hwy 82 and SH 289 intersection and south to almost Washington Street. Water is already available at that intersection.

As for industrial development, Mr. Hefton said Panda Energy's initial \$400 million investment has had a great impact on both the City and the School District. Other projects in that area include Hart

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Lumber and Northgate Phase 1. Midway Industrial Park is located off of Fallon Drive in the northeast section of Sherman.

This growth also leads to major upgrades in the water and sewer infrastructure and the City just broke ground on a \$27 million Water Treatment Plant Expansion Project. There is also a major expansion project underway at the Wastewater Treatment Plant. Other considerations that go along with growth are trash service, police service, animal control, the location of fire stations, and park planning. He said there are also many opportunities to continue to work with the SISD, especially on joint usage of facilities.

Mr. Hefton said the City issued \$26 million in debt over the last year to fund the projects he previously discussed. However, the "list of needs" is greater than \$26 million. The sources of funding for this debt are the Certificates of Obligation that were recently issued and land that will be sold, where the current Fire Station #4 is located. Sherman has one of the lowest tax rates in Texas so the City's available borrowing capacity is high. The growth rate in both the sales and property taxes enhances the City's ability to pay for those obligations without raising the tax rate.

He explained that over 80% of the City's General Fund is funded through taxes, with growth being seen in all those sectors. He outlined other economic indicators that are showing positive financial trends in Sherman.

The City continues to work with the School Board on issues such as a Veterans Field Use Agreement, the Public Safety Officer Program, Joint Facility Use, and the City support for the 2017 SISD Bond Election.

Mr. Hefton said the next step will be to consider approval of a joint purchase agreement for property on O.B. Groner and FM 1417 and a resolution of support for the 2017 Bond Election.

Mr. Hefton showed a video of the proposed site for the new High School.

RESOLUTION NO. 6203

DECLARING SUPPORT OF THE SHERMAN INDEPENDENT SCHOOL DISTRICT 2017 BOND ELECTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, DECLARING SUPPORT OF THE SHERMAN INDEPENDENT SCHOOL DISTRICT 2017 BOND ELECTION.

Mr. Hefton said there is no question that the path the School District is on is the right path. There's no question that the City and the School District working together will be critical to the success of both the School District and the City. He reiterated that the Bond Election is scheduled for May 6, 2017, and Early Voting begins April 24, 2017.

ACTION TAKEN.

Motion by Council Member Couch to adopt Resolution No. 6203, as presented. Second by Council Member Howeth.

VOTING AYE: Brown, Couch, Howeth, Steele, Teamann.

VOTING NAY: None.

MOTION CARRIED.

RESOLUTION NO. 6204

ADOPTING AN INTERLOCAL AGREEMENT WITH THE SHERMAN INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES FOR PARTIAL ASSIGNMENT OF OPTION TO PURCHASE REAL PROPERTY

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A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ADOPTING AN INTERLOCAL AGREEMENT WITH THE SHERMAN INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES FOR PARTIAL ASSIGNMENT OF OPTION TO PURCHASE REAL PROPERTY.

Mr. Hefton explained that this action will allow the City to enter into an interlocal agreement to allow the SISD to “step into” the City’s place on the agreement with the property owner for the purchase of approximately 98 acres at the corner of FM 1417 and O.B. Groner Road (what will soon be Travis Street). This will allow the SISD to purchase the property they need for their new High School.

Council Member Steele said when the City began looking at this more than a year ago, it was a “no brainer” because these tax dollars are the same tax dollars used by the SISD and for the citizens of Sherman. The City hoped that the SISD would select this site, so they locked it in at a good price. He felt it was a “win-win” for the citizens of Sherman.

ACTION TAKEN.

Motion by Council Member Steele to adopt Resolution No. 6204, as presented. Second by Council Member Teamann.

VOTING AYE: Brown, Couch, Howeth, Steele, Teamann.

VOTING NAY: None.

MOTION CARRIED.

CONSIDER AND ACT UPON ITEMS LISTED UNDER THE SHERMAN INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEE CLOSED MEETING, AS NECESSARY

Mr. Millerick said the SISD’s action items were coming out of their Closed Meeting. Dr. Bennett said the SISD has spent about 10 months researching the available sites and he thanked the City for the partnership they have been working on for the past 10 plus months.

He said the SISD is prepared to recommend approval of an Interlocal Agreement with the City of Sherman for partial assignment of the option to purchase property for a new High School site. The site designated is approximately 100 acres of land, bounded by the east on Moore Street, on the south by O.B. Groner, on the west by FM 1417, and on the north by Steeplechase Drive. The SISD Board of Trustees voted unanimously to approve the motion.

CONSENT AGENDA

The SISD Board of Trustees approved the Consent Agenda.

Mr. Millerick said this has been a unique partnership in planning between the two entities. He thanked the staff of both entities for their hard work. He recognized Kiki Osterman from the audience and thanked her for her passion in getting the project going. He also thanked Brad Douglass and Gail Utter for their hard work on the Bond Election.

ADJOURNMENT

There being no further business to come before the City Council or the Sherman Independent School District Board of Trustees, motion was duly made and approved to adjourn the Called Meeting at 8:48 p.m.

MAYOR

ATTEST

CITY CLERK