

STATE OF TEXAS

§

March 15, 2010

COUNTY OF GRAYSON

§

BE IT REMEMBERED THAT A Regular Meeting of the City Council of the City of Sherman, Grayson County, Texas was begun and held in the Council Chambers of City Hall on March 15, 2010.

MEMBERS PRESENT:

MAYOR BILL MAGERS.

COUNCIL MEMBERS ADAMI, HOWETH, SOFTLY, WACKER.

MEMBERS ABSENT:

DEPUTY MAYOR JOE SMITH.

COUNCIL MEMBER STEELE.

CALL TO ORDER

Mayor Magers called the meeting to order at 5:01 p.m. The Pledge of Allegiance and the Invocation were given by Council Member Chip Adami.

CALL TO ORDER

APPROVE MINUTES

The Council reviewed the Minutes of the Regular City Council Meeting of March 1, 2010. Council Member Softly moved to approve the Minutes as presented; Second by Council Member Adami. All present voted AYE. MOTION CARRIED.

APPROVE MINUTES

INTRODUCTION AND PUBLIC HEARING OF ORDINANCES

Mayor Magers introduced Ordinance 5642 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 4 OF THE CODE OF ORDINANCES, ENTITLED "BUSINESS REGULATIONS", ARTICLE 4.14, ENTITLED "ALCOHOLIC BEVERAGES", AT SECTIONS 4.14.032 AND 4.14.033, TO REFLECT THE CHANGE OF STATE AND, THEREFORE, CITY PERMIT FEE COLLECTION PROCEDURES FOR REGULATING THE MANUFACTURE, DISTILLING, BREWING, IMPORTING, TRANSPORTING, STORING, DISTRIBUTING OR SALE OF ANY BEER, WINE OR MIXED BEVERAGE. AMENDING PROCEDURES FOR PERMITS AND RENEWAL OF PERMITS TO REFLECT CHANGES IN STATE LAW. PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES. PROVIDING FOR SEVERABILITY. PROVIDING FOR A REPEALER. FINDING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

ORD 5642
ALCOHOLIC
BEVERAGES

No citizens appeared before the City Council to discuss Ordinance 5642.

Mayor Magers introduced Ordinance 5643 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 8, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC

ORD 5643
SUP FOR SINGLE
FAMILY HOME
(417 S. WALNUT)

USE PERMIT TO ALLOW A SINGLE FAMILY DWELLING IN A C-1 (RETAIL BUSINESS) DISTRICT AT 417 SOUTH WALNUT STREET, BEING 0.489 ACRES IN THE SAMUEL BLAGG SURVEY, ABSTRACT NO. 56 (THE RODERICK-LEGRAND TRUST, REVOCABLE LIVING TRUST OF EVA C. SPENCE, OWNER); PROVIDING FOR A REPEALER; PROVIDING THAT THIS SPECIFIC USE PERMIT SHALL BE GRANTED SUBJECT TO CERTAIN CONDITIONS; PROVIDING A PENALTY NOT TO EXCEED \$2,000; FINDING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

No citizens appeared before the City Council to discuss Ordinance 5643.

The Public Hearing was closed.

ADOPTION OF ORDINANCES

Ordinance 5642

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING CHAPTER 4 OF THE CODE OF ORDINANCES, ENTITLED "BUSINESS REGULATIONS", ARTICLE 4.14, ENTITLED "ALCOHOLIC BEVERAGES", AT SECTIONS 4.14.032 AND 4.14.033, TO REFLECT THE CHANGE OF STATE AND, THEREFORE, CITY PERMIT FEE COLLECTION PROCEDURES FOR REGULATING THE MANUFACTURE, DISTILLING, BREWING, IMPORTING, TRANSPORTING, STORING, DISTRIBUTING OR SALE OF ANY BEER, WINE OR MIXED BEVERAGE. AMENDING PROCEDURES FOR PERMITS AND RENEWAL OF PERMITS TO REFLECT CHANGES IN STATE LAW. PROVIDING FOR INCLUSION IN THE CODE OF ORDINANCES. PROVIDING FOR SEVERABILITY. PROVIDING FOR A REPEALER. FINDING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

ORD 5642
ALCOHOLIC
BEVERAGES

Ordinance 5643

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AMENDING SECTION 8, SUBSECTION (5)(A), ORDINANCE NO. 2280, SO AS TO GRANT A SPECIFIC USE PERMIT TO ALLOW A SINGLE FAMILY DWELLING IN A C-1 (RETAIL BUSINESS) DISTRICT AT 417 SOUTH WALNUT STREET, BEING 0.489 ACRES IN THE SAMUEL BLAGG SURVEY, ABSTRACT NO. 56 (THE RODERICK-LEGRAND TRUST, REVOCABLE LIVING TRUST OF EVA C. SPENCE, OWNER); PROVIDING FOR A REPEALER; PROVIDING THAT THIS SPECIFIC USE PERMIT SHALL BE GRANTED SUBJECT TO CERTAIN CONDITIONS; PROVIDING A PENALTY NOT TO EXCEED \$2,000; FINDING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

ORD 5643
SUP FOR SINGLE
FAMILY HOME
(417 S. WALNUT)

ACTION TAKEN.

Motion by Council Member Adami to approve Ordinance Nos. 5642 and 5643, as presented. Second by

COUNCIL MINUTES – MARCH 15, 2010

Council Member Wacker.
VOTING AYE: Adami, Howeth, Softly, Wacker.
VOTING NAY:
MOTION CARRIED.

CONSENT AGENDA

The Council reviewed the Consent Agenda. Council Member Wacker moved to approve the Consent Agenda, as presented. Second by Council Member Howeth. All present voted AYE.

CONSENT AGENDA

ACCEPT ANNUAL AUDIT REPORT FOR YEAR ENDED
SEPTEMBER 30, 2009 FROM PATTILLO, BROWN & HILL,
L.L.P.

ANNUAL AUDIT
REPORT

John Manning, Partner, Pattillo, Brown & Hill, L.L.P. presented an overview of the Annual Audit Report. Mr. Manning said they have already met with the Audit Committee to present the findings. In the independent auditor's report, the City received an unqualified opinion which gives the highest level of assurance that they can give.

All three categories of net assets of the City's balance sheet are positive. This is an important area when the City issues debt or goes out for grant funding because it assures those agencies that the City is in good financial working order.

The fund balances are also positive and there are no red flags or warnings and the financials appear to be in good shape. In the statement of revenues and expenditures and changes in fund balance there was a decrease in the General Fund, but they all still have positive positions.

Mr. Manning said there were no issues in the Water and Sewer Fund or the Solid Waste Fund that indicated a problem and the net assets were positive.

In the Single Audit Section, Mr. Manning said they must take a long look at internal controls and compliance. There were no findings or material weaknesses that need to be reported.

Because the City spends over \$500,000 of Federal awards, extra compliance test work must be completed on the major Federal programs. There were no compliance or internal control problems on the Federal programs.

Last year there were three findings in the Audit Report, and those have all been resolved. He reiterated that management had taken the findings and done the things needed to "fix" them. This year there are no problems.

Mr. Manning said there were no items in the Audit that they felt needed to be brought to the attention of the City Council and the Audit Committee approved the Annual Audit.

COUNCIL MINUTES – MARCH 15, 2010

Mayor Magers asked about Council action on the fund balances. Robby Hefton, Assistant City Manager/CFO, explained that the City Council actually budgeted for the net assets to decrease because there were one time transfers out for the Insurance Fund and some other items. The City planned to decrease the net assets and did so.

Council Member Adami asked, with the prior period adjustment was it as much of a decrease as anticipated. Mr. Hefton said the planned decrease was \$1.7 million and the actual decrease, without the prior period adjustment, was \$1.8 million. The prior period adjustment was due to the implementation of GASB 45. Mayor Magers confirmed that the net assets were down as the City had anticipated.

Council Member Adami said the Audit Committee met and the biggest item was that there was a prior period adjustment for some amortization of water rights. Mr. Manning said the water rights were being amortized over a 50 year period and the new auditing standard affected the way it was reported. Council Member Adami added that it was good to see that the prior discussion points from the Auditors were taken into consideration and resolved and that there were no management letter comments this year.

Mayor Magers said the City's AA bond rating, which was achieved this past year, is a testament to what the City is doing on the financial side and he congratulated Mr. Hefton and his staff for their good job.

ACTION TAKEN.

Motion by Council Member Adami to approve the Annual Audit Report for the Year Ended September 30, 2009, as presented. Second by Council Member Wacker.

VOTING AYE: Adami, Howeth, Softly, Wacker.

VOTING NAY:

MOTION CARRIED.

RESOLUTIONS

RESOLUTION NO. 5464 – AUTHORIZING THE LEASE OF CERTAIN CITY-OWNED PROPERTY KNOWN AS 202 SOUTH SAM RAYBURN FREEWAY, LOCATED AT THE SOUTHWEST CORNER OF LAMAR STREET AND THE WEST FRONTAGE ROAD OF U.S. HIGHWAY 75, TO THE CIRCLE TEN COUNCIL, BOY SCOUTS OF AMERICA

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING THE LEASE OF CERTAIN CITY-OWNED PROPERTY KNOWN AS 202 SOUTH SAM RAYBURN FREEWAY, LOCATED AT THE SOUTHWEST CORNER OF LAMAR STREET AND THE WEST FRONTAGE ROAD OF U.S. HIGHWAY 75, TO THE CIRCLE TEN COUNCIL, BOY SCOUTS OF AMERICA.

CONSENT AGENDA.

**RES 5464
LEASE OF PROPERTY
TO BOY SCOUTS**

RESOLUTION NO. 5468 – AUTHORIZING EXECUTION OF A DEED FOR THE RESALE OF A TRACT OF LAND AT 403 NORTH BRANCH STREET, SEIZED FOR DELINQUENT TAXES

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A DEED FOR THE RESALE OF A TRACT OF LAND AT 403 NORTH BRANCH STREET, SEIZED FOR DELINQUENT TAXES.
CONSENT AGENDA.

RES 5468
SALE OF LAND FOR
DELINQUENT TAXES

RESOLUTION NO. 5469 – ENDORSING CERTAIN LEGISLATIVE CHANGES RELATING TO THE SUNSET REVIEW OF THE TEXAS PUBLIC UTILITY COMMISSION AND THE SPECIAL PURPOSE REVIEW OF THE ELECTRIC RELIABILITY COUNCIL OF TEXAS

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ENDORSING CERTAIN LEGISLATIVE CHANGES RELATING TO THE SUNSET REVIEW OF THE TEXAS PUBLIC UTILITY COMMISSION AND THE SPECIAL PURPOSE REVIEW OF THE ELECTRIC RELIABILITY COUNCIL OF TEXAS.

RES 5469
CAPP LEGISLATIVE
CHANGES

George Olson, City Manager, explained that Sherman is a member of the Cities Aggregation Power Project (CAAP), and they are asking for a resolution to encourage a more competitive market in the next Legislative Session.

ACTION TAKEN.

Motion by Council Member Wacker to approve Resolution No. 5469, as presented. Second by Council Member Softly.

VOTING AYE: Adami, Howeth, Softly, Wacker.

VOTING NAY:

MOTION CARRIED.

RESOLUTION NO. 5470 – AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH S&M CLEANING FOR PARK RESTROOM CLEANING SERVICES

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH S&M CLEANING FOR PARK RESTROOM CLEANING SERVICES.
CONSENT AGENDA.

RES 5470
PARK RESTROOM
CLEANING

RESOLUTION NO. 5471 – AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH PERFECTION LANDSCAPING FOR THE 2010 PARKS MAINTENANCE FINISH MOWING PROGRAM

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AWARDING A BID TO AND AUTHORIZING EXECUTION OF A CONTRACT WITH PERFECTION LANDSCAPING FOR THE 2010 PARKS MAINTENANCE FINISH MOWING PROGRAM.
CONSENT AGENDA.

RES 5471
PARK MOWING

RESOLUTION NO. 5472 – APPROVING THE GREATER TEXOMA UTILITY AUTHORITY’S INTENTION TO CONTRACT WITH TRI-CON SERVICES, INC. FOR CONSTRUCTION OF THE U.S. HIGHWAY 75 NORTH SEWER IMPROVEMENTS, CONTRACT “B”

RES 5472
HWY 75 NORTH
SEWER
IMPROVEMENTS

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, APPROVING THE GREATER TEXOMA UTILITY AUTHORITY’S INTENTION TO CONTRACT WITH TRI-CON SERVICES, INC. FOR CONSTRUCTION OF THE U.S. HIGHWAY 75 NORTH SEWER IMPROVEMENTS, CONTRACT “B”.

CONSENT AGENDA.

REQUEST TO ADVERTISE
SEAL COAT EMULSIFIED ASPHALT OIL

REQ TO ADVERTISE
SEAL COAL ASPHALT

The City Council approved the request to advertise for bids for seal coat emulsified asphalt oil for the annual street maintenance work. The goal each year is to seal coat between 25 and 30 miles of streets depending on material costs and the annual budget.

CONSENT AGENDA.

OTHER BUSINESS

EARTH DAY

CONSIDER REQUEST OF THE 2010 EARTH DAY PLANNING COMMITTEE TO TEMPORARILY CLOSE CERTAIN STREETS, SUSPEND PARKING TIME LIMITS, AND USE CERTAIN CITY FACILITIES AND SERVICES FOR THE 2010 EARTH DAY FESTIVAL ON SATURDAY, APRIL 24, 2010

The City Council approved a request from the 2010 Earth Day Planning Committee to hold the event on Saturday, April 24, 2010 in the Municipal Ballroom and on the Municipal Building Grounds. The event will be held from 8 a.m. to 5 p.m. The Council also approved requests for solid waste services, delivery and pick up of barricades, and street closures for the event.

CONSENT AGENDA.

RECEIVE FINANCIAL UPDATE FROM ASSISTANT CITY MANAGER/CFO ROBBY HEFTON

FINANCIAL UPDATE

Mr. Hefton presented a Financial Update for the budget cycle, which is beginning earlier this year. He addressed the financial challenges that municipalities and businesses are facing across the State and across the Country. The City of Sherman is no exception.

Sherman has had exceptional history in the local economy staying up; sales taxes have generally been up, even when others have been down; the property tax base continues to be sound and grow moderately.

Mr. Hefton said the City does face some challenges this year and prompted the staff to begin the budget process early. The challenges relate to franchise taxes, sales tax, and other types of fees.

COUNCIL MINUTES – MARCH 15, 2010

In the General Fund, revenues are down slightly compared to prior years and down compared to the budget. The Utility Fund revenues are down compared to the budget but may level out if there is a hot summer and higher water usage. The Solid Waste Fund is performing as expected.

On a positive note with expenses, performance in the group health Insurance Fund is good for the first time in about three years, and the capital projects continue to come in below budget. The City also has adequate reserves.

The General Fund is supported mainly by taxes including sales tax, property tax, and franchise tax. Mayor Magers reminded citizens that property taxes have been reduced and the tax burden shifted more to sales tax, which was a planned shift for citizens.

Mr. Hefton added that sales tax is up versus the prior year, but down about \$500,000 to \$600,000 from the budget. Property tax collections are on track. Franchise taxes are down due to the fact that the ATMOS gas franchise is down about 50% because natural gas prices are down about 50%, and from Oncor Electric's overpayment to the City. He added that the overpayment is a five quarter payback and the City is in the second quarter and the payback will continue into the first part of the 2011 budget year.

Court fines are down about \$150,000 versus the budget. Mayor Magers verified that the collection rates are holding but the actual fees are down. Mr. Hefton said there are no unusual variances at this point.

Mr. Hefton addressed the natural gas rate history for ATMOS Gas showing how the rate has decreased since 2004. This affects the franchise taxes paid to the City. Mayor Magers added that lower gas rates are good for residents.

The ad valorem tax base continues to increase and the City is now over \$2.2 billion in tax base. There is a nice, steady increase annually. This and the increase of sales tax are both indicators of the health of a City and Mr. Hefton felt Sherman was showing good trends in both.

Mr. Hefton said the projected revenue of the Utility Fund is down versus the budget, but the 2010 Budget was built based on a normal, hot, dry summer. Generally a wet, moderate summer costs the City about \$1 million in water revenue. Mayor Magers asked about the effect that MEMC closing will have on the water revenue. Mr. Hefton said that will affect the City more in 2011 than in 2010.

The City is also experiencing good bids for capital projects and those are still coming in under budget.

The Solid Waste fund is performing as projected and revenues are up slightly versus the budget, mainly due to

the rate increase that was initiated to cover increased operating costs and increased Texoma Area Solid Waste Authority (TASWA) costs.

Mr. Hefton said in the Insurance Fund, claims are back down to a “normal” level. The normal rate is about \$3.5 million. From 2007 to 2009 the City experienced unusual claim expenditures. In late 2009 it began to trail off in the claims history. He added that the Insurance Fund has been drained of the fund balance and at the end of the year it had a negative reserve, but because of the good experience the City is basically back to even. If the claims history continues on this trend, the reserves will be built back over time. Mr. Hefton did not suggest taking any action now, as it relates to the Insurance Fund.

Because of the challenges facing the City with the General Fund revenues, the staff has decided to begin the budget process early and has already had two meetings with department heads. The staff will be looking at essential versus complimentary functions and analyzing it on both a departmental and City wide basis. The staff will bring back a plan for the 2011 Budget year as well as any adjustments that need to be made to the operations in 2010.

Mr. Hefton reiterated that the City does have adequate fund balance in all funds and those fund balances are designed for times like this, when revenues aren't meeting the projected amounts. There are positive things on the expenditure side with group health claims and project costs coming in better. The CIP project cost savings will help alleviate the need for debt service payments over the next couple of years.

Mayor Magers asked that, during the budget process, the staff present ideas or various options on timeframes, such as 6 months, 12 months, or 24 months. He wants the Council to see different scenarios as to how the plan “plays out” so they can make informed decisions. He did not feel that the economy would bounce back right away.

Mr. Hefton said there are opportunities, even in the current year, for revenues to rebound. He expected the gas and electric franchises to be up versus last year.

CONSIDER APPROVAL OF THE BUDGET CALENDAR FOR FISCAL YEAR 2010-2011

BUDGET CALENDAR

The City Council reviewed the proposed Budget Calendar for FY 2010-2011. Council Members present could attend the proposed meetings. The staff will verify that the absent Council Members can also attend the proposed meetings.

Mr. Hefton said the Budget Workshop is scheduled for two days, but only one day may be needed.

CITIZENS REQUESTS

PUBLIC COMMENTS IN PUBLIC MEETINGS

Mayor Magers read a statement concerning public comments by citizens that are heard during public meetings of the various entities. He said the Sherman City Council welcomes, expects, and respects the input received during public comments and he urged citizens to use public comments to further any political agenda they deem appropriate.

He added that, as the Mayor of Sherman, it is his responsibility to make sure that residents have the same opportunities for comment at the County level of government as they do at the local level. County taxpayers have the right to be heard in a public forum without having to ask permission.

Mayor Magers asked that the Grayson County Commissioners Court reinstate the public comment section on its weekly meeting agenda.

TEXOMA HOMELESS COALITION

Clayton Travis, 5295 N. Travis, #5102, is an AmeriCorps VISTA Volunteer housed at North Texas Youth Connection. He also represents the Texoma Homeless Coalition, which includes all Counties from Cooke to Red River and including Delta County.

The Texoma Homeless Coalition was established by Texas Homeless Network, based in Austin, which works with all rural communities and addresses their homeless needs.

Mr. Travis said the three most pressing issues as stated in the City's Consolidated Plan, are affordable housing, public housing, and homelessness. The Plan adds that because Sherman has limited funding and staffing, these issues will be delegated to the non-profit sector.

As a representative of the non-profit sector that works with the homeless, Mr. Travis wanted to introduce the Texoma Homeless Coalition as a way the City can work with these various agencies through one entity.

He also asked that the City Council designate a representative from the City to assist the Coalition with any questions and to attend their monthly meetings. Mr. Olson said he would meet with Mr. Travis after the meeting to determine what is needed.

MEDIA QUESTIONS

There were no media questions.

**APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO
BOARDS AND COMMISSIONS:
LIBRARY BOARD (2)**

**PUBLIC COMMENTS
IN PUBLIC MEETINGS**

**TEXOMA HOMELESS
COALITION**

MEDIA QUESTIONS

LIBRARY BOARD

COUNCIL MINUTES – MARCH 15, 2010

ACTION TAKEN.

Motion by Council Member Wacker to reappoint Nan Jones to the Library Board for a term from March 20, 2010 to March 20, 2013 and to reappoint Dr. Charles Whitfield for a term from April 3, 2010 to April 3, 2013.

Second by Council Member Adami.

VOTING AYE: Adami, Howeth, Softly, Wacker.

VOTING NAY: None.

MOTION CARRIED.

COUNCIL COMMENTS

UNITED STATES CENSUS

Council Member Wacker said she received her Census form today and reminded citizens to participate. Getting an accurate count is very important and is used to determine representation in Congress and funding for things like transportation projects.

U.S. CENSUS

HOMELESS PROBLEM

Council Member Howeth addressed the homeless problem and expressed her concern about the number of high school students that are living from home to home. It's hard to educate students when they don't have a place to live and are staying on whoever's couch they can.

HOMELESS
PROBLEM

She urged the community to try and further some type of facility for both families that are homeless and for teenagers who are left homeless.

ADJOURNMENT

On Motion duly made and carried, the meeting adjourned at 5:46 p.m.

ADJOURNMENT

MAYOR

CITY CLERK