

STATE OF TEXAS

§

March 6, 2023

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 6, 2023.

MEMBERS PRESENT:

MAYOR DAVID PLYLER; DEPUTY MAYOR JOSH STEVENSON.
COUNCIL MEMBERS DOBBS, HOLLAND, HOWETH, MARROQUIN,
TEAMANN.

MEMBERS ABSENT:

NONE.

CALL TO ORDER

Mayor Plyler called the meeting to order at 5:01 p.m. The Pledge of Allegiance and Invocation were led by Council Member Juston Dobbs.

CALL TO ORDER

APPROVE MINUTES

The Council reviewed the Minutes of the Called City Council Meeting and Planning and Zoning Commission Meeting of March 23, 2022, the Called Meeting of the Tax Increment Financing Board #8 of February 20, 2023, and the Regular City Council Meeting of February 20, 2023. Council Member Howeth moved to approve the Minutes, as presented; Second by Council Member Holland; All present voted AYE.
MOTION CARRIED.

APPROVE MINUTES

CITIZEN'S COMMENTS

OLD SETTLERS PARK BALLFIELD FENCING

Peter Tracy, 705 S. Valentine, asked to discuss the request to advertise for the purchase and installation to replace the existing ballfield fencing at Old Settlers Park.

He said the fencing along the Municipal Airport has the same problem and is in disrepair. He asked if that project could be included under the same project. He expressed concern that the poor fencing would allow stray animals to wander onto the runway, causing an issue with airplanes taking off and landing.

OLD SETTLERS PARK
BALLFIELD FENCING

DOWNTOWN HISTORIC RESTORATION GRANTS

Mr. Tracy asked to discuss Resolution 7038 and 7039, concerning the Central Business District Historic Building Restoration and Improvement Grant for two downtown properties.

He asked if the City was contributing to the restoration of these two buildings. If so, would the buildings be brought back to the original historical condition. He thought a building had to be over 50 years old to receive funding in Texas as a historical building, and must be restored back to its original condition, and used for its original purpose.

DOWNTOWN HISTORIC
RESTORATION
GRANTS

CONSENT AGENDA

Asterisked (*) items are considered to be routine and will be enacted in one motion without discussion unless a Council Member or a citizen requests a specific item be discussed and voted on separately.

Deputy Mayor Stevenson asked to remove Item F-1, entitled "Request to Advertise – Purchase and Installation to Replace Existing Ballfield Fencing at Old Settlers Park", from the Consent Agenda, for discussion in its regular order of business.

The Council reviewed the Consent Agenda. Deputy Mayor Stevenson moved to approve the Consent Agenda, with the exception of Item F-1, which will be discussed in its regular order of business. Second by Council Member Howeth. All present voted AYE.

Mayor Plyler introduced Ordinance No. 6570 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ESTABLISHING MAXIMUM, REASONABLE AND PRUDENT RATES OF SPEED, ALONG THE CERTAIN PORTIONS OF STATE HIGHWAY 56, IN THE CORPORATE LIMITS OF SHERMAN, GRAYSON COUNTY, TEXAS. FIXING PENALTIES FOR VIOLATION THEREOF. DECLARING AN EMERGENCY. PROVIDING FOR A REPEALER.

Clint Philpott, Assistant City Manager, explained that with the development that is underway, the City asked the Texas Department of Transportation to perform an updated speed study along the SH 56 corridor, to determine if the speed limit should be reduced.

According to TxDOT standards, the speed limits in two of the four sections reviewed should be reduced by five miles per hour, one section to 50 mph and the other to 45 mph.

If the City Council approves the recommendation, TxDOT will make arrangements to replace signage on the highway.

No citizens appeared before the City Council to discuss Ordinance No. 6570.

Mayor Plyler introduced Ordinance No. 6571 and called for a public hearing:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ABANDONING ONE (1) VARIABLE WIDTH UTILITY EASEMENT LOCATED IN THE PLATS OF NORTHGATE BUSINESS PARK PHASE ONE AND REPLAT OF LOTS 1 AND 2 OF NORTHGATE BUSINESS PARK PHASE ONE, AND BEING MORE PARTICULARLY DESCRIBED IN THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES, WHICH UTILITY EASEMENTS ARE ESTABLISHED IN VOLUME 16, PAGE 166 AND INSTRUMENT NUMBER 2021-234 OF THE PLAT RECORDS OF GRAYSON COUNTY, TEXAS.

CONSENT AGENDA

ORD 6570
SPEED LIMIT

ORD 6571
UTILITY EASEMENT
FOR NORTHGATE
BUSINESS PARK,
PHASE ONE

COUNCIL MINUTES – MARCH 6, 2023

Wayne Lee, Director of Engineering, said these lots were platted in the past, with utility easements on the backside and the side lot lines.

These are part of the GlobalWafers project, and they will be replatting the entire area. The City has no objection to the abandonment of the utility easements, and their use for the GlobalWafers project.

No citizens appeared before the City Council to discuss Ordinance No. 6571.

The Public Hearing was closed.

Ordinance 6570

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ESTABLISHING MAXIMUM, REASONABLE AND PRUDENT RATES OF SPEED, ALONG THE CERTAIN PORTIONS OF STATE HIGHWAY 56, IN THE CORPORATE LIMITS OF SHERMAN, GRAYSON COUNTY, TEXAS. FIXING PENALTIES FOR VIOLATION THEREOF. DECLARING AN EMERGENCY. PROVIDING FOR A REPEALER.

ORD 6570
SPEED LIMIT

Ordinance 6571

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ABANDONING ONE (1) VARIABLE WIDTH UTILITY EASEMENT LOCATED IN THE PLATS OF NORTHGATE BUSINESS PARK PHASE ONE AND REPLAT OF LOTS 1 AND 2 OF NORTHGATE BUSINESS PARK PHASE ONE, AND BEING MORE PARTICULARLY DESCRIBED IN THE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES, WHICH UTILITY EASEMENTS ARE ESTABLISHED IN VOLUME 16, PAGE 166 AND INSTRUMENT NUMBER 2021-234 OF THE PLAT RECORDS OF GRAYSON COUNTY, TEXAS.

ORD 6571
UTILITY EASEMENT
FOR NORTHGATE
BUSINESS PARK,
PHASE ONE

ACTION TAKEN.

Motion by Council Member Howeth to adopt Ordinance Nos. 6570 and 6571, as presented. Second by Deputy Mayor Stevenson.

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

VOTING NAY: None.

MOTION CARRIED.

Mayor Plyler asked that the captions of Resolution Nos. 7038 and 7039 be read together.

RES 7038
CBD DOWNTOWN
GRANT
(328-330 W. LAMAR ST)

RESOLUTION NO. 7038 – AUTHORIZING EXECUTION OF AN AGREEMENT WITH DAVID DOWNTAIN, D/B/A RP SHERMAN PROPERTIES II, LLC UNDER THE CITY OF SHERMAN'S CENTRAL BUSINESS DISTRICT HISTORIC BUILDING RESTORATION AND IMPROVEMENT GRANT PROGRAM FOR IMPROVEMENTS TO 328-330 W LAMAR STREET

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH DAVID DOWNTAIN, D/B/A RP SHERMAN

PROPERTIES II, LLC UNDER THE CITY OF SHERMAN'S CENTRAL BUSINESS DISTRICT HISTORIC BUILDING RESTORATION AND IMPROVEMENT GRANT PROGRAM FOR IMPROVEMENTS TO 328-330 W. LAMAR STREET.

RESOLUTION NO. 7039 – AUTHORIZING EXECUTION OF AN AGREEMENT WITH DAVID DOWNTAIN, D/B/A RP SHERMAN PROPERTIES II, LLC UNDER THE CITY OF SHERMAN'S CENTRAL BUSINESS DISTRICT HISTORIC BUILDING RESTORATION AND IMPROVEMENT GRANT PROGRAM FOR IMPROVEMENTS TO 213 N TRAVIS STREET

RES 7039
CBD DOWNTOWN
GRANT
(213 N. TRAVIS ST)

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF AN AGREEMENT WITH DAVID DOWNTAIN, D/B/A RP SHERMAN PROPERTIES II, LLC UNDER THE CITY OF SHERMAN'S CENTRAL BUSINESS DISTRICT HISTORIC BUILDING RESTORATION AND IMPROVEMENT GRANT PROGRAM FOR IMPROVEMENTS TO 213 N TRAVIS STREET.

Nate Strauch, Community and Support Services Manager, said this is the first large scale investment in downtown residential development in years.

During the Comprehensive Master Plan update last year, the downtown came in as one of the top two areas of concern, and a lack of residential development was the main issue. In response to that, the staff redid the downtown incentive program and included residential development in that program. Previously the program was only for commercial development and excluded residential development.

The proposed plan is to add six new residential lofts to downtown Sherman, in two separate buildings. Renderings of the lofts are included in the Council's agenda packet and feature a "high-end" product.

Mr. Strauch said this residential element is a vital step in bringing the downtown back.

Robby Hefton, City Manager, asked about the earlier question about restoring a building back to its historic nature or character versus identifying a building as historic in nature, but not being through the State's restoration program.

Mr. Tracy's question was, if these buildings would be restored to their original historical condition. Mr. Strauch said he was confused as to what that would mean. The Modern Building was originally used as an office building, which would exclude any other use of the building.

Mayor Plyler clarified it might mean, would it continue to have some of the original, historic attributes on the outside of the building? Will the interesting motifs be visible on the outside of the building?

COUNCIL MINUTES – MARCH 6, 2023

Mr. Strauch said in the past, David Downtain, the requestor, has always been very careful to take historical consideration in all of his buildings. The front façade will remain in the historic way it currently is, but the back side will be redone with a more modern look for the fire escapes. Therefore, he said it would be a combination of the two.

Mr. Strauch said when the grant program was changed a few months ago, they did include a new stipulation, that any of these projects, whose goal is to totally restore the historical façade, qualifies for a two-to-one match, instead of a four-to-one match. So that has been taken into consideration.

Council Member Teamann said Mr. Tracy asked if it would be a requirement to stay with historical use, and that's not a part of the City's grant program. Mr. Strauch confirmed that it is not required specifically, however, if the project is not to restore the historic façade, it would not qualify for the two-to-one match. The City really wanted to maintain and restore the historic nature of the buildings.

Council Member Howeth said there were renderings in the agenda packet and asked if those could be shown to the audience so they could see what was planned.

Mr. Downtain said he was excited about these two projects for the downtown area. He said this was a "milestone" to have residential lofts in the downtown area. He said their projects try to "honor a piece of the past", while embracing the current codes and needs of today's residents.

He said there are currently two loft apartments that will be located at the 330 West Lamar Street location on the east side of the building. There will be two more lofts constructed on the west side of the building, at a future date. He showed renderings of the projects and described architectural features.

The Travis Street project includes four units in a three story building. There will be two units on the third floor and two units on the second floor. He said the front façade, "really won't change", and they are honoring some of the architectural features in the apartments.

Council Member Teamann said he also appreciated seeing the Houston Street building that Mr. Downtain purchased, being cleaned up.

ACTION TAKEN.

Motion by Deputy Mayor Stevenson to approve Resolution Nos. 7038 and 7039, as presented. Second by Council Member Teamann.

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

VOTING NAY: None.

MOTION CARRIED.

RESOLUTION NO. 7040 – TO ADOPT THE RESULTS OF THE ANNUAL RATE REVIEW FOR WATER AND WASTEWATER
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, TO ADOPT THE RESULTS OF THE ANNUAL RATE REVIEW FOR WATER AND WASTEWATER.

RES 7040
WATER &
WASTEWATER
RATE REVIEW

Mr. Hefton briefed the Council on the proposed water and wastewater rate update for 2023. Beginning in FY 2022, the City started a series of annual rate reviews for the utility system. At that time, through the ordinance that set the rates, a five-year plan was also adopted for the rates.

The City is now in the second year of the rate plan, and this proposal continues the results of the original rate study, without changing the rates that were part of that study. He said the City is averaging about 4.5% annual rate increases, and this recommendation holds those rates the same.

Mr. Hefton said there have been several changes that he wanted to update the Council on. Since the last update, there have been some industrial customers that have come on line or are projected to come on line. Those projected uses are being built into the rate analysis. There have also been some revisions in the projected uses for commercial and industrial customers. The timing of when these customers will come on line has also changed.

Mr. Hefton said the CIP estimate for 2022 was about \$315 million, and that has increased to approximately \$392 million. The increase is due to the addition of some projects and the fact that other projects have been “pushed out”. To make the plan work, and keep with the funding mechanisms, there has been some capitalized interest built into the costs. He said the total number is about \$336 million, but there is another \$56 million that is a capitalized interest cost.

The issue this rate study wanted to address is, are incremental revenues from new customers enough to cover the debt service on these projects, without changing the rate plan the City currently has. He presented a projection of the water rates, the wastewater rates, and a “blended” rate of both rates. The residential rate increase will be at a 4.6%, 4.7% rate, and at the end of the five year period, it drops down to 1.1%.

With those proposed rates, projecting out to 2027, Sherman’s rates in four years, would still be less than the State’s average today of the peer cities. Even with these rate increases, Sherman will still be less than the State averages.

Mr. Hefton also presented the effects of the changes since the last update. There is a “gap” in years 2024 through 2028, in projected use, versus what was projected a year ago. He said the gap is the problem that they are trying to solve.

Mr. Hefton addressed several of the Utility CIP Major Projects. One project added to the list is for a 100 mgd Water Treatment Plant water storage reservoir, which will add redundancy and liability to

the system. Currently there is one pipeline coming from Lake Texoma to the Water Treatment Plant. If that pipeline goes down, there is no way to get surface water to the City's customers. This project will help remedy that situation by adding onsite storage of raw water that could be used if needed.

Mr. Philpott said, in the past, when the surface water system went down, the City could switch to the ground water system for everyone, if needed. As the City has continued to grow, the ground water system has not increased and can't supply enough water for everyone. There is no longer a full backup of the surface water system.

Mr. Hefton also mentioned the 36' Water Line, saying it would take millions of gallons of water from the Water Plant to the west side of Sherman, down to Shepherd Drive. This will serve the growth corridor for North Sherman, West Sherman, and the Industry area.

Over half of the \$118 million bond package that the Greater Texoma Utility Authority will be proposing in the next couple of months, will go for this project. There will be a bond rating call on Wednesday, with Standard and Poor's, for this bond issue. Approval tonight will validate that the City is "still keeping with the plan."

Other "vital" projects are the four mgd capacity expansion at the Wastewater Treatment Plant, for a little over \$100 million, which was recently identified as needing to move forward in the plan, because of limitations at the Wastewater Treatment Plant, and being able to treat up to 16 mgd, which is what Sherman is permitted to discharge for. This project will add 4 mgd to get closer to the 16 mgd that is allowed.

The other critical project is the rehab of the Conventional Water Treatment Plant. Originally the discussion was for a 15 mgd expansion at the Water Treatment Plant, that would cost about \$220 million. The plan would not work with that cost and the \$110 million on the Wastewater Treatment Plant.

Mr. Hefton said they started looking at one of the original plans, which was to rehab the existing, conventional plant. They looked at the cost of rehabbing the current plant, as opposed to constructing a new plant. A preliminary estimate said between \$15 and \$20 million would be needed to rehab the plant.

Currently the plant is 10 mgd, maximum capacity, and maybe a little less, since one of the EDR units may be beyond repair. There is still between 7 and 8 mgd capacity with the other three units and the rest of the system.

Mr. Hefton said, the staff believes that by rehabbing that and keeping 7 mgd capacity on line, instead of eliminating it and building a new plant, the City should be able to get to the 2028, 2029, 2030 time frame, where the revenues will catch up with the projects.

Therefore, the staff has done with the rate plan is substituted \$25 million in year three (2025), instead of having \$225 million for the new plant expansion. By doing that, the City can stay with the plan of 4.5%, get the water they believe they'll need, in the time they will need it.

Mr. Hefton said, in summation, the City has hired debt than what was originally thought, and a reduction in the timing of the commercial volume, especially early in the time frame. They believe the City can still meet the coverage by structuring the debt, by getting support from the General Fund, from the Sherman Economic Development Corporation, and from Impact Fees. In years 2023, 2024, and 2025, the City will be building reserves in the Utility Fund, until they are needed in 2026, 2027, 2028, and 2029 to "smooth out the process".

He added that the debt coverage needed to be at least 1.05, which it is, showing the City has the financial ability to pay the debt, according to standards established by the bond agencies. The 1.05 is the minimum threshold, and the City has that in each year.

Mr. Hefton talked about assumptions that the City needed to make, including timing of commercial water purchases; interest rates; internal growth and inflation; and continued support from SEDCO, the General Fund, and Impact Fees. He added that, if any of these assumptions are altered, the forecast and conclusions will have to be revised.

Mr. Hefton said there are two very large projects, of which they don't know the exact timing. The first project is the 15 mgd expansion of the Water Treatment Plant, at a cost of over \$200 million. This will probably be before 2030, but probably near the end of that period.

The second project is the Wastewater Treatment industrial plant. There's not even an estimated cost for this, but it will probably be in the "hundreds of million dollars" range. Design will continue on these projects so when construction is needed, it can move forward.

Mr. Hefton said, by approving this resolution, the Council will be reaffirming the results of the Rate Study, which are to keep the rates on par with what's been discussed in the past, but also a commitment on the City Council's part to continue to support development of the infrastructure, and make sure the debt is paid as it comes through.

Deputy Mayor Stevenson said the City will be "riding the line pretty close", and asked what will happen if the reserves aren't built up as much as they need to be. Mr. Hefton said, especially for this time of transition, there may be the ability in other funds, to build up reserves that could be used for one-time money, such as through the construction sales tax. He added that they will keep the General Fund reserves where they need to be, and keep a minimum of 60 to 90 days in the reserves.

COUNCIL MINUTES – MARCH 6, 2023

Council Member Howeth said, in the past, the City has had to return a portion of the construction sales tax to the State. Mr. Hefton said, in the past, there were some audits that returned a portion of the construction sales tax to the State, because it was overpaid.

The City spoke with representatives from Texas Instruments to make sure they were monitoring the payments and reporting it in a way that would minimize the clawback of payments.

Council Member Howeth wanted to make a motion to adopt the annual rate, based upon what it is today. Council Member Teamann wanted to make an addition to the motion, saying that the Council is “willing to make any necessary changes in the future”.

ACTION TAKEN.

Motion by Council Member Howeth to approve Resolution No. 7040, adopting the annual rate, as presented. Second by Deputy Mayor Stevenson.

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

VOTING NAY: None.

MOTION CARRIED.

RESOLUTION NO. 7041 – AUTHORIZING SUBMISSION OF A GRANT APPLICATION AND THE ACCEPTANCE OF THE ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT (EECBG) PROGRAM THROUGH THE DEPARTMENT OF ENERGY (DOE) FOR THE CITY OF SHERMAN

RES 7041
ENERGY EFFICIENCY
BLOCK GRANT

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING SUBMISSION OF A GRANT APPLICATION AND THE ACCEPTANCE OF THE ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT (EECBG) PROGRAM, THROUGH THE DEPARTMENT OF ENERGY (DOE) FOR THE CITY OF SHERMAN OPERATIONS.
CONSENT AGENDA.

RESOLUTION NO. 7042 (NO ACTION TAKEN AT THE JANUARY 3, 2023 REGULAR CITY COUNCIL MEETING) – ACCEPTING THE CONTRACT WITH PIAZZA CONSTRUCTION, LLC AS COMPLETE FOR THE CONSTRUCTION OF THE WWTP OPERATIONS BUILDING ADDITION & REMODEL

RES 7042
WWTP OPERATIONS
BLDG & REMODEL

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, ACCEPTING THE CONTRACT WITH PIAZZA CONSTRUCTION, LLC AS COMPLETE FOR THE CONSTRUCTION OF THE WWTP OPERATIONS BUILDING ADDITION & REMODEL.
CONSENT AGENDA.

RESOLUTION NO. 7043 – AUTHORIZING EXECUTION OF A CONTRACT WITH AMERICAN RAMP COMPANY FOR CONSTRUCTION OF AN ASPHALT PUMP TRACK AT BINKLEY PARK THROUGH THE SOURCEWELL PURCHASING COOPERATIVE

RES 7043
BINKLEY PARK
ASPHALT PUMP
TRACK

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A CONTRACT WITH AMERICAN RAMP COMPANY FOR CONSTRUCTION OF AN

ASPHALT PUMP TRACK AT BINKLEY PARK THROUGH THE SOURCEWELL PURCHASING COOPERATIVE.
CONSENT AGENDA.

RESOLUTION NO. 7044 – REPEALING AND REPLACING RESOLUTION NO. 6926; ESTABLISHING SALARY STRUCTURES AND INCENTIVE/CERTIFICATION PAY SCHEDULES FOR FIREFIGHTERS AND POLICE OFFICERS; ESTABLISHING SPECIAL LONGEVITY PAY SCHEDULES FOR NEWLY HIRED FIREFIGHTERS AND POLICE OFFICERS; PROVIDING FOR AN EFFECTIVE DATE
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, REPEALING AND REPLACING RESOLUTION NO. 6926; ESTABLISHING SALARY STRUCTURES AND INCENTIVE/CERTIFICATION PAY SCHEDULES FOR FIREFIGHTERS AND POLICE OFFICERS; ESTABLISHING SPECIAL LONGEVITY PAY SCHEDULES FOR NEWLY HIRED FIREFIGHTERS AND POLICE OFFICERS; PROVIDING FOR AN EFFECTIVE DATE.
CONSENT AGENDA.

RES 7044
POLICE & FIRE
PAY SCHEDULES

REQUEST TO ADVERTISE PURCHASE AND INSTALLATION TO REPLACE EXISTING BALLFIELD FENCING AT OLD SETTLERS PARK
Deputy Mayor Stevenson asked to remove Item F-1 from the Consent Agenda, for consideration in its regular order of business.

REQ TO ADVERTISE
OLD SETTLERS PARK
BALLFIELD FENCING

Theresa Hutchinson, Parks and Recreation Manager, said the request was to replace ballfield fencing at Old Settlers Park, which is in the target area. This will allow Community Development Block Grant money to be used for the project.

Terrence Steele, Assistant City Manager, said, once the Council approves the budget, each department has their own budget. If the Council would like to repair fencing at the Municipal Airport, then the staff would look at the Airport's budget for funding for that project.

Mayor Plyler said the request would be to ask the staff to look at the need for fencing at the Airport.

Mary Lawrence, Director of Finance, said there is a fencing project for the Airport this year, which would address a part of the fence that is really bad. This project would include 50% funding from the Texas Department of Transportation.

Council Member Teamann asked if there was a requirement to use a chain link fence around the Airport to keep animals out. He said a portion of the fence at the back is barbed wire. Ms. Lawrence was unaware of a requirement.

ACTION TAKEN.

Motion by Deputy Mayor Stevenson to approve the request to advertise for the purchase and installation to replace existing ballfield fencing at Old Settlers Park, as presented. Second by Council Member Dobbs.

COUNCIL MINUTES – MARCH 6, 2023

VOTING AYE: Dobbs, Holland, Howeth, Marroquin, Stevenson, Teamann.
VOTING NAY: None.
MOTION CARRIED.

APPOINT/REMOVE OR CONSIDER QUALIFICATIONS TO BOARDS AND COMMISSIONS

MAIN STREET ADVISORY BOARD (4)

ACTION TAKEN.

Motion by Council Member Teamann to reappoint Lindsey Manley and Courtney Mitchell to the Main Street Advisory Board for a term from September 5, 2022 to September 4, 2024; and to appoint Joey Morneau for a term from March 7, 2023 to March 7, 2025, as presented. Second by Council Member Howeth.

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

VOTING NAY: None.

MOTION CARRIED.

MAIN STREET
ADVISORY BOARD

ANIMAL CONTROL ADVISORY COMMITTEE (2)

ACTION TAKEN.

Motion by Council Member Teamann to reappoint Henry Marroquin and Morgan Simpson to the Animal Control Advisory Board for a term from March 17, 2023 to March 17, 2026, as presented. Second by Deputy Mayor Stevenson.

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

VOTING NAY: None.

MOTION CARRIED.

ANIMAL CONTROL
ADVISORY
COMMITTEE

COUNCIL COMMENTS

NEW POLICE DEPARTMENT

Council Member Marroquin said several of the Council had an opportunity to visit the new Police Department, and he commended the staff for a "good job".

NEW POLICE
DEPT

WATER STUDY

Council Member Teamann said he appreciated all the work that went into the Water Study, and the presentation today. He said it was "very challenging" and he appreciated the staff working on it.

WATER STUDY

FIRE DEPARTMENT EFFICIENCIES

Council Member Teamann said he appreciated Billy Hartsfield, Fire Chief, on presenting a resolution for pay schedules and staffing needs, to help make the Fire Department more efficient.

FIRE DEPT
EFFICIENCIES

FIRE DEPARTMENT COMPLIMENT

Council Member Holland talked with a citizen after a recent fire, and said they had only good things to say about the Fire Department.

FIRE DEPT
COMPLIMENT

ANNOUNCEMENTS

Mayor Plyler announced the following:

- The Annual St. Patrick's Day Parade will be held on March 11, 2023, at 11 a.m. The parade will be held along Crockett and Travis Streets.

ANNOUNCEMENTS

COUNCIL MINUTES – MARCH 6, 2023

- The Sherman Celtic Festival will be held March 25 and 26, 2023, at Pecan Grove Park. The event will feature great music, vendors, and activities for the entire family.
- This year's lineup for Hot Summer Nights 2023 will be revealed on April 7, 2023, at 8 a.m., at Schulman's Movie Bowl Grill, as part of Coffee With the Mayor.

EXECUTIVE SESSION – IN ACCORDANCE WITH CHAPTER 551, GOVT. CODE, V.T.C.S., (OPEN MEETINGS LAW)

EXECUTIVE SESSION

THE CITY COUNCIL WILL NOW HOLD AN EXECUTIVE SESSION PURSUANT TO THE PROVISIONS OF THE OPEN MEETINGS LAW, CHAPTER 551, GOVERNMENT CODE, VERNONS TEXAS CODES ANNOTATED, IN ACCORDANCE WITH THE AUTHORITY CONTAINED IN THE FOLLOWING SECTIONS.

TEX. GOV'T CODE § 551.071 --

SEEKING THE ADVICE OF ITS ATTORNEY ABOUT PENDING OR CONTEMPLATED LITIGATION, SETTLEMENT OFFERS OR ANY MATTER IN WHICH THE DUTY OF THE ATTORNEY TO THE CITY COUNCIL UNDER THE TEXAS DISCIPLINARY RULES OF PROFESSIONAL CONDUCT OF THE STATE BAR OF TEXAS CLEARLY CONFLICTS WITH THE TEXAS OPEN MEETINGS ACT

TEX. GOV'T CODE § 551.072 --

DELIBERATING THE PURCHASE, EXCHANGE, LEASE OR VALUE OF REAL PROPERTY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.073 --

DELIBERATING A NEGOTIATED CONTRACT FOR A PROSPECTIVE GIFT OR DONATION TO THE CITY IF DELIBERATION IN AN OPEN MEETING WOULD HAVE A DETRIMENTAL EFFECT ON THE POSITION OF THE CITY IN NEGOTIATIONS WITH A THIRD PERSON

TEX. GOV'T CODE § 551.074 --

DELIBERATING THE APPOINTMENT, EMPLOYMENT, EVALUATION, REASSIGNMENT, DUTIES, DISCIPLINE OR DISMISSAL OF A PUBLIC OFFICER OR EMPLOYEE; OR TO HEAR A COMPLAINT OR CHARGE AGAINST AN OFFICER OR EMPLOYEE UNLESS THE OFFICER OR EMPLOYEE WHO IS THE SUBJECT OF THE DELIBERATION OR HEARING REQUESTS A PUBLIC HEARING

TEX. GOV'T CODE § 551.076 --

DELIBERATING THE DEPLOYMENT, OR SPECIFIC OCCASIONS FOR IMPLEMENTATION, OF SECURITY PERSONNEL OR DEVICES OR A SECURITY AUDIT

TEX. GOV'T CODE § 551.087 --

DISCUSSING OR DELIBERATING COMMERCIAL OR FINANCIAL INFORMATION THAT THE CITY HAS RECEIVED FROM A BUSINESS PROSPECT THAT THE CITY SEEKS TO HAVE LOCATE, STAY OR EXPAND IN OR NEAR THE CITY AND WITH WHICH THE

COUNCIL MINUTES – MARCH 6, 2023

CITY IS CONDUCTING ECONOMIC DEVELOPMENT
NEGOTIATIONS; OR DELIBERATING THE OFFER OF A FINANCIAL
OR OTHER INCENTIVE TO A BUSINESS PROSPECT

A) Sherman Hospital Project

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

On Motion duly made and carried, the Open Meeting recessed and
reconvened in Executive Session at 5:55 p.m.

On Motion duly made and carried, the Executive Session recessed
at 6:11 p.m. and reconvened in Open Meeting.

OPEN MEETING

Reconvene into Open Meeting and take action, if any, on items
discussed in Executive Session.

OPEN MEETING

ADJOURNMENT

On Motion duly made and carried, the meeting adjourned at
6:12 p.m.

ADJOURNMENT



MAYOR



CITY CLERK

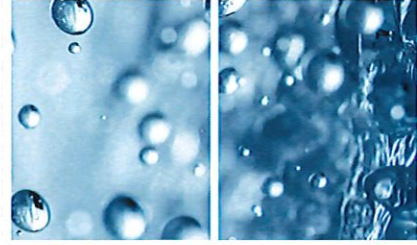
City Council Presentation – City of Sherman

Water and Wastewater Rate Update -- 2023



March 2023

Revised: March 6 2023



City of Sherman Changes Since 2022 Rate Analysis



- City has added two new commercial/industrial customers
 - Falcon
 - Global Wafers
- Commercial/Industrial forecast volume purchases have been nominally revised, but timing of volumes have changed
- New debt to fund CIP has increased significantly:
 - 2022 estimate: \$315,000,000
 - 2023 estimate: \$392,155,000 (including \$56M cap interest + admin)
- Key issue: will additional revenues from new customers be sufficient to offset additional annual debt service without changing the rate plan?

Current Water Rate Plan

Scenario: 2023 02 06 Falcon -- Current Rate Plan

Effective
Oct-23 Oct-24 Oct-25 Oct-26

Residential

Customer Service Charge

5/8 X 3/4"	\$	24.18	\$	24.91	\$	25.66	\$	26.43	\$	26.96
1"		47.71		49.14		50.62		52.13		53.18
1 1/2"		95.86		98.74		101.70		104.75		106.85

Volume Rate Per 1,000 Gal

1,500	Above	3.47	3.58	3.68	3.79	3.87
Percent Change			3.0%	3.0%	3.0%	2.0%

Non-Residential

Customer Service Charge

5/8 X 3/4"		24.18	24.91	25.66	26.43	26.96
1"		47.71	49.14	50.62	52.13	53.18
1 1/2"		95.86	98.74	101.70	104.75	106.85
2"		163.32	168.22	173.26	178.46	182.03
3"		356.06	366.74	377.74	389.08	396.86
4"		625.85	644.62	663.96	683.88	697.56
6"		1,396.76	1,438.67	1,481.83	1,526.28	1,556.81

Volume Rate Per 1,000 Gal

1,500	Above	3.47	3.58	3.68	3.79	3.87
Percent Change			3.0%	3.0%	3.0%	2.0%

Current Wastewater Rate Plan



Scenario: 2023 02 06 Falcon -- Current Rate Plan		Effective			
	Current	Oct-23	Oct-24	Oct-25	Oct-26
Residential					
Customer Service Charge					
All Meters	\$ 9.29	\$ 9.94	\$ 10.63	\$ 11.38	\$ 11.38
Volume Rate Per 1,000 Gal					
1,500	3.95	4.22	4.52	4.84	4.84
Percent Change		7.0%	7.0%	7.0%	0.0%
Non-Residential					
Customer Service Charge					
All Meters	\$ 9.29	\$ 9.94	\$ 10.63	\$ 11.38	\$ 11.38
Volume Rate Per 1,000 Gal					
1,500	3.95	4.22	4.52	4.84	4.84
Percent Change		7.0%	7.0%	7.0%	0.0%

Current Water and Wastewater Rate Plan Impact on Monthly Charges

Scenario: 2023 02 06 Falcon -- Current Rate Plan

		Effective		
Current		Oct-23	Oct-24	Oct-25
		Oct-26		

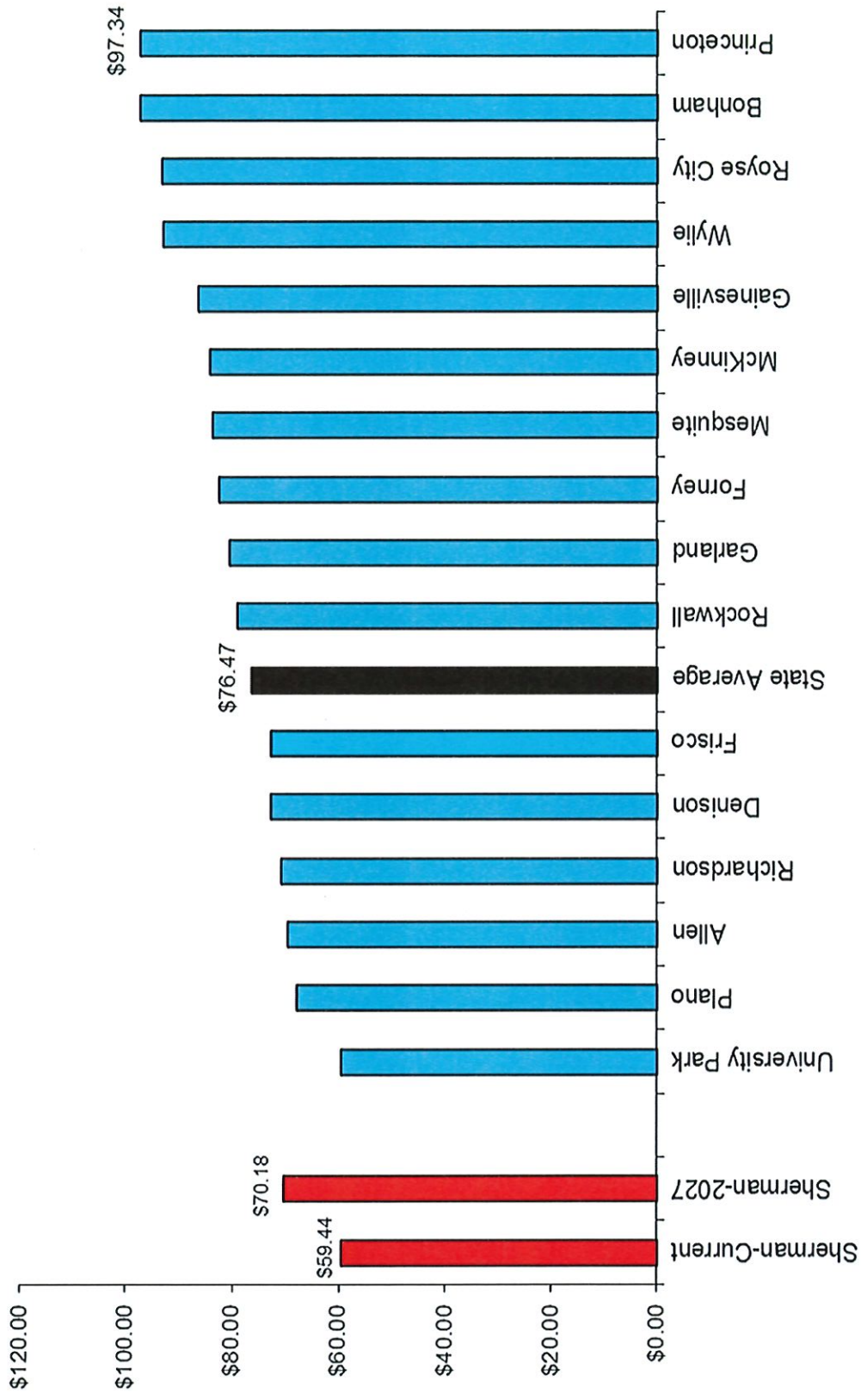
Residential Monthly Charges Inside -- 3/4"

1,500 Water	Total	\$	33.47						
1,500 WW	Increase -- \$								
	Increase -- %								
6,000 Water	Total		66.86						
6,000 WW	Increase -- \$								
	Increase -- %								
10,000 Water	Total		92.59						
9,000 WW	Increase -- \$								
	Increase -- %								

Commercial Monthly Charges Inside -- 2"

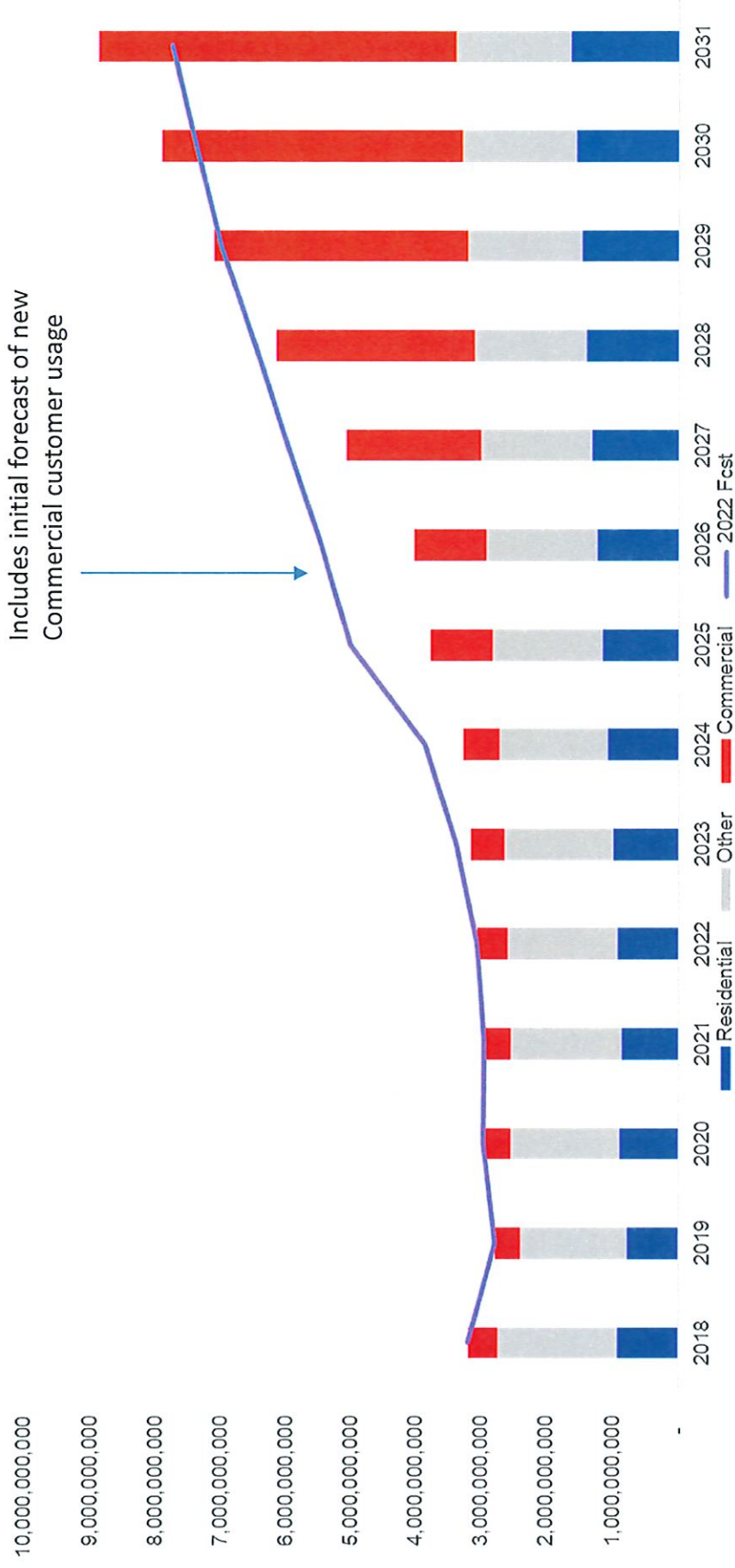
20,000 Water	Total	\$	309.86						
20,000 WW	Increase -- \$								
	Increase -- %								
40,000 Water	Total		458.25						
40,000 WW	Increase -- \$								
	Increase -- %								

Monthly Residential Charge Comparison 5,000 Gallons Water and Wastewater

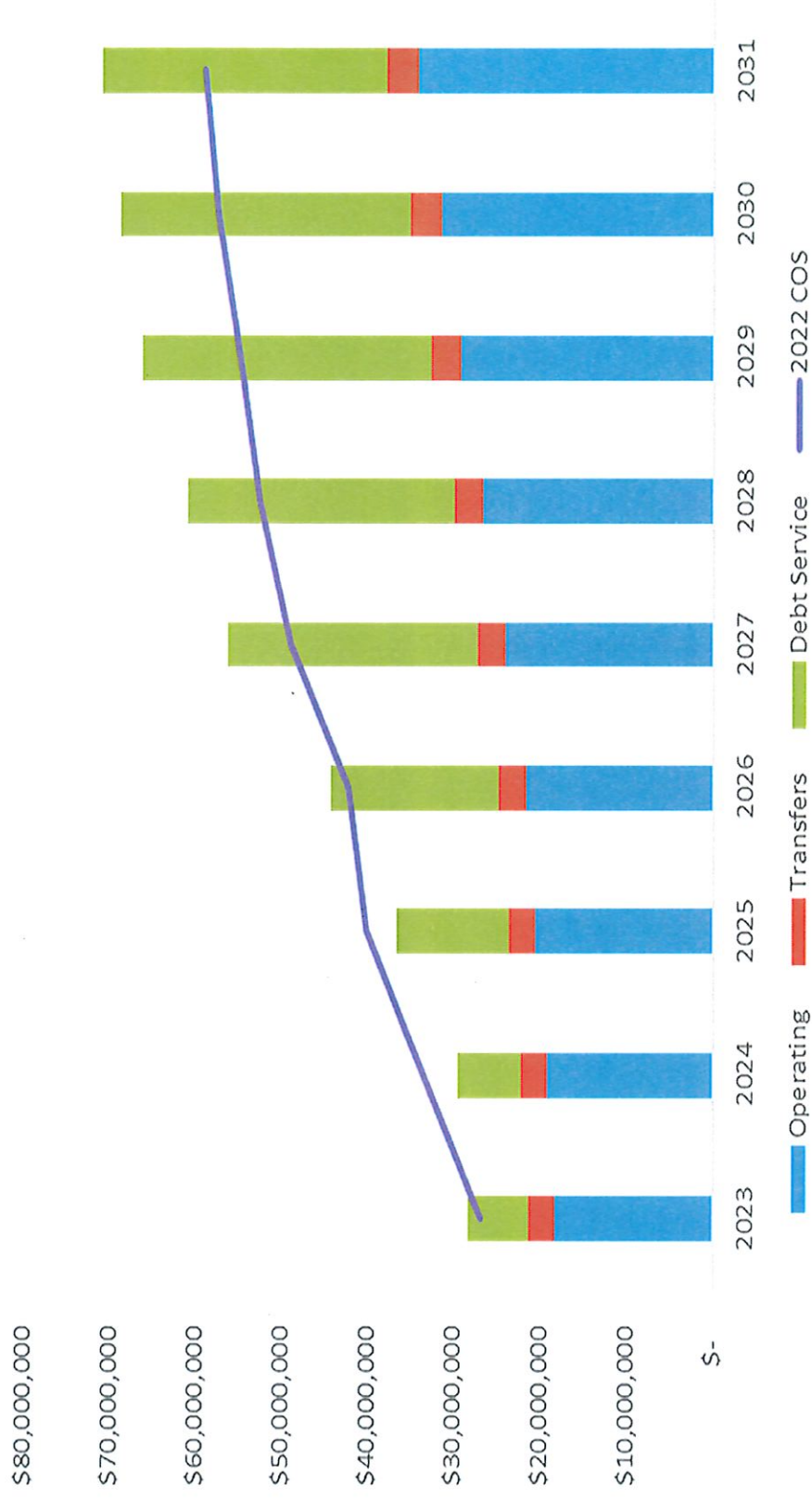


Actual and Forecast Water Billed Consumption Retail and Wholesale

Gallons



Forecast Cost of Service – Current and 2022



Utility CIP Major Projects (in \$Millions)

<u>DESCRIPTION</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
15 MGD WTP Design	\$ 7.0		
100 MGD WTP water storage		\$ 30.0	
2 MGD Elevated Tank		\$ 16.8	
36" Water Line	\$ 69.3		
Pump Station Expansion	\$ 1.0	\$ 12.4	
WTP Brine Discharge	\$ 9.0		
Rehab Conventional WTP			\$ 25.0
WWTP 4 MGD Expansion	\$ 11.4	\$ 20.0	\$ 80.0
WWTP Digester		\$ 0.5	\$ 7.3
WWTP Electrical Upgrades	\$ 4.9	\$ 8.2	
All Other	\$ 15.4	\$ 12.1	\$ 5.7
	\$ 118.0	\$ 100.0	\$ 118.0

Notes on Current Rate Plan

- Current rate plan is strained by combination of higher amount of debt issued and reduction in commercial volume forecast for 2024 – 2028
- **However, City can still meet debt coverage requirements with current rate plan by implementing the following:**
 - Support from General Fund and SEDCO 2024-2027
 - Contributions from Impact fees
 - Buildup and drawdown of reserve funds
- After FY 2028 as commercial customers reach maximum consumptions, revenues are forecast to cover expenses and reserves can be replenished

Current Rate Plan

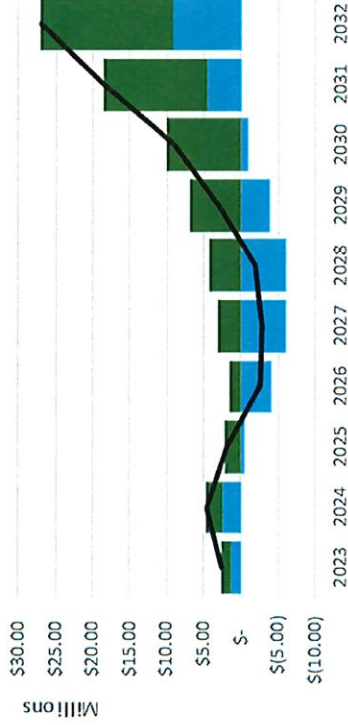
Forecast Revenues and Expenses



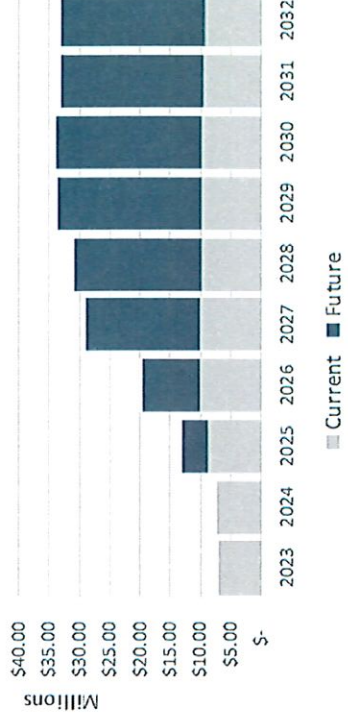
	Preliminary 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Forecast 2031
Forecast Debt Issues \$ 392,155,000	\$ 138,455,000	\$ 116,175,000	\$ 137,525,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beginning Fund Balance	\$ 1,409,771	\$ 3,978,367	\$ 8,596,025	\$ 10,404,964	\$ 7,808,684	\$ 4,902,407	\$ 2,957,084	\$ 6,035,190	\$ 15,081,696
Revenues									
Water	16,739,564	18,107,468	20,626,728	22,560,126	27,094,129	32,603,142	38,419,871	43,979,960	50,603,032
Wastewater	9,860,254	10,999,241	13,244,655	15,063,316	18,673,684	23,263,732	27,737,457	31,795,337	36,739,496
SEDCO Reimbursements	-	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-
General Fund Reimbursements	-	-	-	-	3,500,000	-	-	-	-
Impact Fee Reimbursements	1,059,784	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	-	-
Non-Rate-Other	3,108,276	2,870,456	2,404,428	2,037,350	2,050,660	2,064,368	2,078,488	2,093,032	2,108,012
Total Revenues	30,767,878	34,077,164	38,375,811	41,760,793	53,418,473	59,031,242	69,335,816	77,868,329	89,450,539
Cost of Service									
Operating	17,127,415	17,884,238	19,248,100	20,293,833	22,735,656	25,359,889	27,857,091	30,178,058	32,908,721
Capital Outlays	1,193,561	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000	1,235,000
Debt Service	6,951,194	7,325,343	12,978,399	19,629,704	29,059,603	30,988,352	33,670,494	33,808,787	33,109,444
Transfers	2,927,112	3,014,925	3,105,373	3,198,534	3,294,490	3,393,325	3,495,125	3,599,979	3,707,978
Total	28,199,282	29,459,507	36,566,872	44,357,072	56,324,750	60,976,566	66,257,710	68,821,823	70,961,143
Net Revenues	2,568,596	4,617,658	1,808,939	(2,596,279)	(2,906,277)	(1,945,323)	3,078,106	9,046,506	18,489,397
Debt Coverage	1.96	2.21	1.47	1.09	1.06	1.09	1.23	1.41	1.71
Ending Fund Balance	3,978,367	8,596,025	10,404,964	7,808,684	4,902,407	2,957,084	6,035,190	15,081,696	33,571,093

Current Rate Plan Forecast Metrics

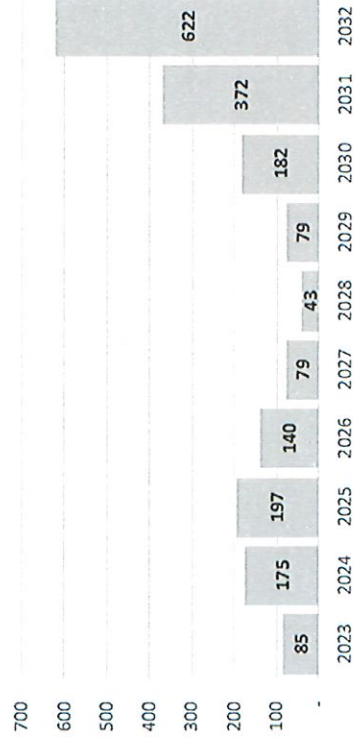
Total Net Revenues



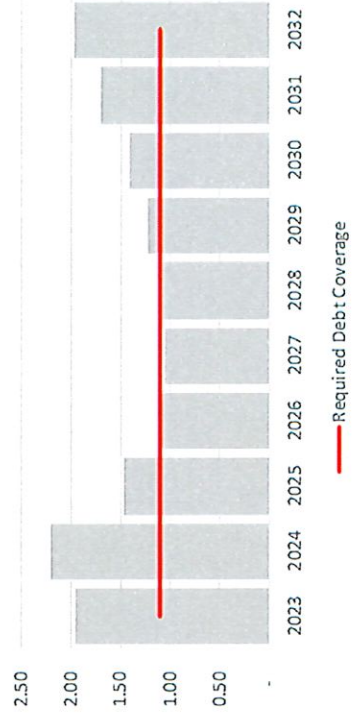
Debt Service



Days of Fund Balance



Debt Coverage



Combined Projections



Summary and Caveats

- Current rate plan and debt service schedule is based on a series of assumptions regarding:
 - Timing of commercial water purchases
 - Interest rates and term of debt
 - City internal growth and expense increases
 - Support from SEDCO, G/F and Impact Fees
- If any of these assumptions are altered, forecast and conclusions will have to be revised
- **Under existing plan, debt coverage is very tight in 2026-2028 time period City is forecast to collect less revenues than Cost of Service during these years**

Major Take-aways

- A lot of variability in projections due to:
 - Timing of CIPs
 - Cost/Scope of CIPs
 - Timing of volume increases (esp. industrial/commercial)
 - Size of volume increases
- Two very large looming projects not in current projections because timing is assumed to be needed after the 5-yr window
 - WTP 15 MGD expansion (\$200M +)
 - WWTP industrial plant (\$XXX M+)
- Big challenges in FY26-FY29 because debt service comes on before industrial revenues increase enough to cover debt service
- Conventional WTP being re-habbed to keep it running longer

City Staff Presentation – City of Sherman



Questions and Discussion

Sherman
CLASSIC TOWN. BROAD HORIZON.