

STATE OF TEXAS

§

February 9, 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 February 9, 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; Ryan Pittman, Attorney; Abernathy, Roeder, Boyd, Hullett; Wayne Lee, Director of Engineering; Mary Lawrence, Director of Finance; Rob Rae, Director of Development Services; Danny Jones, Fire Chief; Chris Olson, Assistant Fire Chief; Jason Jeffcoat, Assistant Police Chief; Bruce Dawsey, Assistant Police Chief; Tammy Davis, Controller; Tom Pruitt, Utility Engineer; Jim Cross, Water Systems Manager; Nathan Whiddon, Wastewater Superintendent; Kevin Winkler, Public Works Manager; Eric Sandberg, Assistant Public Works Manager; Leah Campbell, Human Resources/OD Administrator; Cathy Perkins, Human Resources Manager; Nate Strauch, Community and Support Services Manager; Theresa Hutchinson, Parks and Recreation Manager; Tracy Roberts, Customer and Utility Services Manager; Moises Duran, Emergency Management Coordinator; Junior Jaimes, Computer Support Technician; Teri Fine, Assistant to the City Manager; Linda Ashby, City Clerk.

PURPOSE:

Call to Order, Quorum Determined, Meeting Declared Open

Pledge of Allegiance Led by Council Member Daron Holland

Invocation by Council Member Daron Holland

Citizen Comments

Capital Improvement Program Update from Public Works and Council Input

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:

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TEX. GOV'T CODE § 551.071 --

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

TEX. GOV'T CODE § 551.072 --

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

TEX. GOV'T CODE § 551.073 --

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

TEX. GOV'T CODE § 551.074 --

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

TEX. GOV'T CODE § 551.076 --

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

TEX. GOV'T CODE § 551.087 --

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

TEX. GOV'T CODE § 551.089 --

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

Open Meeting

Adjournment

CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

Mayor Plyler called the meeting to order at 11:04 a.m., declared a quorum present, and opened the Called City Council Meeting.

PLEDGE OF ALLEGIANCE LED BY COUNCIL MEMBER DARON HOLLAND

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INVOCATION BY COUNCIL MEMBER DARON HOLLAND

CITIZEN COMMENTS

There were no citizen's comments.

CAPITAL IMPROVEMENT PROGRAM UPDATE FROM PUBLIC WORKS AND COUNCIL INPUT

Robby Hefton, City Manager, said this was the "unofficial" kickoff for the budget cycle. He said there will also be a Capital Improvement Program Meeting sometime during April or May. He said the City's budget has become so complex, it requires multiple meetings to address all the issues. Two-on-two meetings will also be held in the next month. Mr. Hefton said there was a special training session on February 23, 2022, with the Planning and Zoning Commission, which will be led by Ryan Pittman, City Attorney.

Mr. Hefton said today's meeting was for information only, and no direction would be needed from the City Council. He stressed the "volume" of things that would need to be done, not just the "number" of projects, that related to the impact of the Texas Instruments project, on the City's CIP and financial plan. These items will be included in the budget and the CIP as they are prepared for the next fiscal year.

TI Project Update

Mr. Hefton said the City is receiving some clarity on the scope and timing of the TI Project. When the tax abatement and Chapter 380 agreements were put into place, there were dates listing requirements for TI to start the various phases "no later" than those dates. For Phases III and IV, those dates were at the end of the 2030 decade.

The information that the City is now getting from TI's engineers and that they are releasing to the public, is that Phase III and IV are really more of a late 2020s issue than a late 2030s issue, speeding it up between eight and ten years. With the scope of their water usage, which is millions of gallons per day, that has a significant impact on the City's planning efforts for the Water Treatment Plant, the Wastewater Treatment Plant, the Distribution System, the Pressure Zones, and the Elevated Tanks.

He emphasized, that the City really needs to start work today, and has started work, on phases I through IV. Phases I and II are not the "biggest pressure point." Into Phase III is when the City will have issues with the ability to supply water and/or treat wastewater for the new facility.

Mr. Hefton said Phases I and II are still on track to be moving dirt in 2022. Phases III and IV are the catalysts for improvements at the Water Treatment Plant and the Wastewater Treatment Plant.

5-Year CIP Plan Update

Clint Philpott, Assistant City Manager, presented a summary of CIP Projects that were approved last fiscal year. He presented several projects that the schedule needs to be accelerated on, or that are critical to the TI announcement. There is also a new project that has been added, because of the TI Project. He explained, that the CIP plan changes dramatically each year based on development. As new development comes on, the staff reviews infrastructure needed to improve those developments.

Shepherd Road was already on the CIP list because of the Shepherd's Place Planned Development, that was approved this Fall. The schedule hasn't changed, but the road definitely needs to be in there now, and it doesn't need to be two lanes, it needs to be four lanes.

Flanary Road and Progress Drive is a project that is pretty close to final design, and was waiting on the Sherman Economic Development Corporation to decide when they wanted to do it. That project will probably move up and SEDCO can decide how to fund it. It will provide a "back door" to Panda Energy, Hart Lumber, and Progress Rail.

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Addressing Flanary Road, from Progress Drive to FM 1417, Mr. Philpott said the intent is that where the new Moore Street will connect, past FexEx on FM 1417, that will connect and have a third way to Shepherd, and continue to Shepherd's Place Development. This project was scheduled, but it was moved forward, to coordinate with TI on their pipeline development, to make sure the City gets the needed right-of-way, and understands the grade. TI doesn't need this project when they open, but it will provide an additional capacity for the industrial park, and will continue to help with development because of the TI effect.

Mr. Philpott also presented the CIP Utility Plan, showing that a lot of the projects are still on the list, but have been moved up. Projects include replacing some of the sewer on the south side of Bel Air Village, and replacing the EDR system that takes the salt and dissolved solids out of the conventional plant, which will cause the plant to be down about 10 mg of treatment capacity. This project will need to be moved up before TI comes on line. He listed several other utility projects that will need to be moved up on the list.

He said the City currently has land under contract, south of the Water Treatment Plant, that will be used for a regional storage pond, that would allow about 100 mg to be stored for emergency usage. This would be about 10 days' worth of usage in an emergency situation. The design of the pond has not been determined.

Mr. Philpott said the staff is looking at what will be needed for TI, while also considering what will benefit future development, and what will be needed for resiliency in the system.

Project Delivery Methods

Mr. Philpott discussed several project delivery methods, some of which have been used by the City in the past, and others that could possibly be used. Some take longer, while others give the City more control. He discussed the pros and cons of several different methods, including the "Design-Bid-Build" method. The City has also used the "Construction Management at Risk" method on some projects, which speeds the process up and allows for more negotiation with a contractor. It can also allow for the early procurement of supplies to save money and make sure the supplies are available when needed.

Water Master Plan

Mr. Philpott said the City already had a consultant working on the Water Master Plan and a Wastewater Master Plan, so they added one more user to the profile, of course this user will be using about the same amount of water that all other users together require.

Preliminary Plan Results

This Water Master Plan provides a "roadmap" of where the City needs to be in the next three years. The City has already started work on the Brine Line Discharge and they are working with TCEQ and a consultant about sending it back to Lake Texoma.

They are also looking at the increase in capacity at the Water Treatment Plant in regards to the Reverse Osmosis/Ultrafiltration Expansion and the EDR Upgrade. This will allow for the removal of some really old equipment that is hard to get parts for when they are needed. The project was already scheduled, but is being moved up. He also addressed other projects that are listed for both "near term" and "long term."

He said cost of the "near term" projects are \$140 million, with more than half being for the Water Treatment Plant and the Lake Texoma Pump Station. The other part is the pipeline to get the water to the south part of Sherman. The staff knew these projects would be needed at some point with development, but the TI Project moved the need sooner than expected.

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Mr. Philpott addressed the Water Treatment Plant Expansion, showing current capacities and current needs. Another question is, does the City take some of the treated water from the Wastewater Treatment Plant and reuse it. There is 8 to 10 mg that is being "sent down the creek." Can that water be retreated and sent to TI? If that's possible, the City won't have to expand the Water Treatment Plant as quickly as they thought. He discussed a scenario for capacity and demand of water in the future. He also discussed transmission lines and the amount of water they could carry, as well as the pumping capacity.

Mr. Hefton said one number that was missing is the cost of expanding the Water Treatment Plant to 15 mgd. He felt the "low end" of that cost would be at the \$30 million range, and it could be \$40 million or \$50 million by the time the project comes up. He added that, TI, being online, will be the mechanism to pay for all this.

City Council Members took a lunch break from 11:35 a.m. to 11:48 a.m.

Project Descriptions

Wayne Lee, Director of Engineering, said Freese & Nichols has been working on the Water Master Plan and they have worked on projects to get a large amount of water usage to the southern part of town. He presented maps of these projects.

- Project 1A – 36" water main, from the Water Treatment Plant to O.B. Groner Road/FM 1417
- Project 1B – 36" and 24" water main, from O.B. Groner to Shepherd Drive
- Project 2 – Increase treatment capacity to 25 mgd; replace EDR with Reverse Osmosis; increase pumping capacity to 30 mgd
- Project 3 – 2 million Elevated Storage Tank
- Project 4 – Texoma Pump Station Improvements
- Project 5 – Proposed 100 mg Terminal Storage Reservoir
- Water Treatment Plant -- Generators (project already in progress)
- Water Treatment Plant -- Construct Concentrate Disposal Line

Wastewater Master Plan

Mr. Philpott addressed the Wastewater Treatment Plant Master Plan by Freese & Nichols, which was also adjusted for TI. There were also "near term" and "long term" projects for the City. At this point, he said the City doesn't exactly know what "type" of wastewater that TI will be sending to the Wastewater Treatment Plant. Their process is a trade secret that they really don't want to release.

Preliminary Plan Results

First there needs to be a study to determine what they will be sending us and how it will affect our wastewater system. If their industrial waste kills the "bugs" in the process at the Wastewater Treatment Plant, it could wipe out what is being done there. He said the City has the capacity at the Wastewater Treatment Plant, to handle the flow of Phase I and II, but they need to make sure that what's in that flow, doesn't disturb what's going on.

Mr. Philpott said the other issue is the potential for reuse. There is a "huge" user that's coming in. Does it make sense to treat their effluent directly with their own plant, maybe one that is on their own site? He said, it was too early to know yet. He also addressed other projects that would be needed at the Wastewater Treatment Plant, to handle the TI effect. Mr. Philpott stressed that, even though the projects are listed, there are still unknowns about what will be needed.

According to TCEQ, when a plant reaches 75% of their permitted capacity, they must engage an engineer, and come up with a plan as to what you are going to do. At 90% capacity, the City must be under construction. For Sherman, he said they will "hit those capacities" with one user, instead of

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over a period of time. Sherman should move from the 75% to the 90% capacity within two years. The study must be done to really understand what is going on, and then the City will be required to "think outside the box."

Project Descriptions

Mr. Lee said Freese & Nichols are working on the Wastewater Master Plan, and they have been concentrating on this part of town. They have outlined some short-term and long-term projects. But he said they would concentrate on the short-term projects. He presented maps of proposed projects for the Wastewater Treatment Plant.

- Project 1 – Total Dissolved Solids treatability study, based on TI's proposed effluent and volume, as well as the possibility for reuse and sending some of the water back to TI or other industrial users
- Project 2 – Replace 24" wastewater main with 42" to Shepherd's Place, serve south Sherman
- Project 3 – Replace 36" wastewater main with 48" to help serve TI and development near Shepherd, south Sherman
- Project 4 – Replace 15" wastewater main with 21" which currently serves Howe. Hopefully, Howe is off the line by then and the lift station can be closed, so Shepherd's Place can be transferred to this line. TI's domestic service might be connected to this line.

Street Projects

Mr. Lee said there are also some street projects that are proposed, with some being TI related. Kimley Horn had already been engaged to provide a 30% design for Shepherd Drive, that was being coordinated with Shepherd's Place. This would determine what the ultimate six-lane road would look like so Shepherd's Place could design their development to match up with the horizontal and vertical design. He said the City wasn't planning on building two of those six lanes, until Shepherd's Place started construction. TI has accelerated that plan, and the City will probably need to build four of the six lanes, to serve Shepherd's Place and TI. He said they would probably hire Kimley Horn to complete the design. They are currently coordinating with TI's engineer about driveway locations, and their placement.

Flanary Road is already included in the CIP. Currently it is a narrow, two-lane, asphalt rural road. The current CIP plan is to construct two lanes of a four-lane boulevard for Flanary Road, and Progress Road Extension. He said it makes sense to extend Flanary Road all the way to Shepherd Drive. The timeframe for construction will need to be coordinated with TI and SEDCO, for connectivity with the industrial area.

Mr. Philpott said SEDCO will probably participate in the cost of this project, because part of the Tax Reinvestment Zone will also pay for part of Shepherd Drive. He said there are options on funding and timing of the road projects. He said right-of-way will be needed from TI for these projects. They need to be coordinated, but not necessarily constructed.

Mr. Philpott presented a "5-Year CIP Critical List" of all the "high-level" water and wastewater projects that will be needed for TI. They are based off of quarters, and most will be starting very quickly. A lot of these processes will be started in the next few months. He said most of them need to be completed before 2025. Mr. Philpott asked how it would all be balanced, and said the City has a plan for that too.

As for the qualification process, Mr. Philpott said the staff identified seven firms that were familiar with the Construction Manager at Risk, CMAR, process, and had handled projects of this size and short timeframe. Interviews were held with Lockwood, Andrews, and Newman; Freese & Nichols; Chang, Patel, & Yerby; Parkhill; Plummer Associates; Garver; and Pape-Dawson.

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After the interviews, packages for engineering services will be recommended for award to Garver for all projects for the Water Treatment Plant, Plummer Associates for all projects "inside the fence" at the Wastewater Treatment Plant, and Freese & Nichols for all projects "outside the fence" at the Wastewater Treatment Plant. He said these contracts should probably come to the Council for consideration in March 2022. Mr. Philpott said other firms will still be used for other CIP projects.

Financing and Funding

Mr. Hefton said this could be fully funded through the impact, that just TI will have. He said every 1 mgd for water and sewer usage, equates to an annual revenue of about \$2.5 million, which will support about \$45 million in CIP projects. As a comparison, he said, if an average household uses 300 gallons of water per day, it would take over 3,000 houses to be equivalent to 1 mgd. If TI, in its first two phases uses 7 mgd, that's equivalent to 21,000 homes.

Mr. Hefton said if there were 21,000 new homes in Sherman, they would have to ask for building staff, and a couple hundred more miles of pipeline. Having one customer that generates 7 mgd, is a different "cost driver" than 21,000 customers that generate that same amount.

He added that every \$1 million in projects, costs about \$54,000 annually in debt service, but varies if it is a 20, 25, or 30-year debt, and depending on the rate. He said a 1% increase in water rates, equates to about \$2.7 million more in projects.

In summation, Mr. Hefton said if, for Phase I and II, TI uses 7 mgd of water, that equates to \$18 million in revenue annually, which could service \$315 million in projects, if there were no incremental operating costs. He said there will be incremental operating costs. Generally speaking, he said it takes the same amount of people at the Water Treatment Plant to produce 1 mgd as it does to produce 20 mgd. When an additional building is eventually added, additional staff might be needed too. But that is after Phase I and II.

He said existing debt service isn't going to change for this new growth, but there will be new debt service. He addressed the types of things that would change and the things that wouldn't change in the Utility Fund projections. It does take more chemicals to treat more water, and more electricity to pump more water from the Lake. He said, not all of the \$315 million in capacity that would be added from TI's revenue, will be available for debt service, but most of it will. He said "the vast majority" could be used for debt service.

Mr. Hefton said there are other things, besides TI, that have been built into today's presentation. It's the planned developments that are coming on line, and the natural growth that is seen annually. The benefits discussed today are for the entire water system, and especially for growth to the south and west of Sherman, that's not on the groundwater system.

Estimated Project Costs, Timing, Funding

He said there will be a lot of money spent on projects in the coming years, but Sherman has the ability to service that debt, once TI is up and running. He said TI's revenue will really start "ramping up" in 2025 and 2026. The current debt service projections don't show anything for a Wastewater Treatment Plant expansion, but it gives the City "millions of dollars of headroom" to be able to bond and pay for those bonds, especially with the TI revenue.

Generally speaking, Mr. Hefton said the City would be going from about \$26 million a year in revenue to \$47 million a year, nearly doubling revenue, in a short period of time. Cost would also be going up, with the biggest part of that being the debt. He said the period of 2023, 2024, and 2025 will be a challenge for the City to cover. It's also going to have an impact on the days of reserve that the City holds.

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He added that the staff will not bring the Council a plan that has negative reserves, but this does show the impact of what has been discussed today. Once TI is up and running, he said it would be fine, but there will be several years that will be “a challenge.”

Mr. Hefton said he had already had conversations with Kent Sharp, President of SEDCO, who has also had preliminary conversations with the SEDCO Board, and they are prepared to help with infrastructure costs. Mr. Hefton thought one way they could help, is to help cover the \$6 million in deficit over the next three years, until it starts paying for itself. Mr. Sharp was okay with that, but he hasn't taken it to the Board, and they really don't know “what the ask” will be. The \$5 million to \$6 million is probably a pretty accurate estimate, and Mr. Hefton said “injecting that into this model” would bring the reserves back up to the 60 to 90 days of reserves, where they should be.

Other financing possibilities include other City reserves, and asking for participation from TI. He said TI is also doing their own planning, “inside their fence.” There are other possible funding alternatives that might be used. He addressed the cumulative growth of the water and sewer revenue from all areas, including regular growth, not associated with TI. Mr. Hefton outlined a chart showing debt service in effect today, along with the cumulative new debt service that is anticipated, both for TI and for other projects. The most likely funding through the Greater Texoma Utility Authority is on the open market, instead of the Drinking Water State Revolving Fund.

Mr. Hefton said one other funding alternative that has been used in the past is an infrastructure agreement with the company itself, in this case TI. The example used was an agreement with MEMC in 1996. It was a \$10 million project, and one-third of the cost for the infrastructure was paid by MEMC and donated to the City. The other two-thirds was set aside as a loan, from MEMC to the City, with a 6.5% interest rate, which was repaid back to MEMC over the next 10 years as a reduction in their water and sewer rates. Forty percent of their water and sewer bill was set aside to pay down that balance, with interest. At the end of the 10 years, if there was any of the balance remaining, it was “forgiven” and wiped off the books.

He said discussions are just beginning with TI and there are opportunities to do something creative if needed. The possibility of TI's involvement has not been fully explored at this time.

Mr. Hefton addressed the next steps. In March or April 2022, the staff will be bringing contracts with the three firms that were selected, to the Council for consideration. He said it will probably also include a Project Management element to the contract, which would allow for a third party to provide external oversight, on behalf of the City, over the engineers.

The City will also begin looking at the alignment for the pipeline from the Water Plant, southward. Easements and rights-of-way will need to be obtained for that pipeline.

The Utility Rate Study also needs to be updated by the Summer of 2022, the Water and Wastewater Master Plan Updates should be completed in 2022, and the Impact Fee should be updated by Fall 2022. All of these efforts should be between the 2022 to 2025 timeframe.

After that, the focus will be shifted to Phases III and IV, with more visibility on the Wastewater Treatment Plant plans. He felt like the City knew what the needs were on the water side of the discussion, but wastewater is more “squishy” because the City doesn't have some of the answers.

Once these users come on board and all four phases of the TI project are in place, Sherman will be “out of water.” That does include “peaking factors” and growth that will happen between now and 2030. But conversations will need to begin “soon” about how to recapture that water.

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Mr. Hefton said Sherman treats and sends "down the creek," 75% of the water that is treated at the Water Treatment Plant. For example, if the City needed 10 mgd for pumping and treating, from both systems combined, then 7 mgd is available for reuse. The question is how does it get reused. Is it pumped back to the headworks of the Water Treatment Plant, is it pumped back to Lake Texoma, or is it pumped to North Texas Municipal Water District and do a swap?

NTMWD is already pulling water from multiple lakes. They can only pull so much water from Lake Texoma to blend with their water from Lake Lavon, because Lake Texoma is so salty and brackish. There are "tens of millions of gallons of water a day" that they are not using out of their allocation because it's too dirty to mix. He said, what if they take Sherman's effluent, which is much cleaner, and Sherman takes their raw water allocation from Lake Texoma?

Discussions haven't been started with NTMWD, but it is an idea that might work. Sherman could construct a pipeline that takes the effluent into their reservoir that flows into Lake Lavon. They would still be getting the same amount of water, but it would provide them with an opportunity to use Lake Texoma water sooner, because it's cleaner.

Mr. Hefton said he wasn't worried that Sherman was going to run out of water, because there are a lot of creative things that can be done. The water that Sherman is pumping into the creek can always be recaptured and reused. He said that plan wouldn't be needed today, but probably by the 2025 or 2026 timeframe.

Mr. Hefton outlined the "take-aways" from today's meeting. There will be a significant investment needed in both utility and road infrastructure, that needs to happen over the next two years. The first "major push" will be in FY 2022 through 2025, and will be preparation for TI's Phases I and II, especially on water. The second "push" will be in FY 2024 through 2026, and will be preparation for TI's Phases III and IV, and will include water and wastewater.

He said there will also be some financial challenges in the Utility Fund, until TI is in production. It won't be long-term, but will need to be covered. The staff will present a plan during the budget process. He said there will be a lot more discussion over the next few months, as plans are made.

COUNCIL COMMENTS

There were no Council comments.

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

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

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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

On Motion duly made and carried, the Open Meeting recessed and reconvened in Executive Session at 12:46 p.m.

On Motion duly made and carried, the Executive Session recessed at 1:00 p.m. and reconvened in Open Meeting.

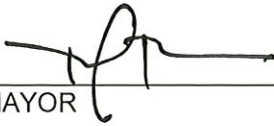
OPEN MEETING

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

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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 1:01 p.m.



MAYOR

ATTEST



CITY CLERK

Public Works Projects Update (& TI Impacts)



- TI Project Update
- 5 Year CIP Plan Update
- Project Delivery Methods
- Water Master Plan
 - Preliminary Plan Results
 - Project Descriptions
- Wastewater Master Plan
 - Preliminary Plan Results
 - Project Descriptions
- Street Projects
- Financing and Funding
 - Estimated project costs, timing, funding



TI PROJECT UPDATE

(Dallas News Article)

- Phase I & II construction commence in FY22 and begin production in FY25
- Phase III & IV construction commence between 2026-2030
 - Tax Abatement Agreements for Phases III & IV require commencement by 2035 and 2038, respectively
- Phase III & IV are catalyst for WTP & WWTP capacity expansions

2022 CIP Changes

GENERAL SERVICES

PROJECT	FY 2022 Budgeted	FY 2023 Proposed	FY 2024 Proposed	FY 2025 Proposed	FY 2025 Proposed
ENGINEERING SERVICES					
Design & Construct Shepherd Road Adjacent to Proposed Development	\$ 330,000	\$ 3,300,000	\$ -	\$ -	\$ -
Major Rebuild Projects					
Design & Construct Signal at FM 1417 & Bel Air Boulevard	\$ 1,000,000	\$ 500,000	\$ -	\$ -	\$ -
Design & Construct Beach Club Boulevard	\$ 75,000	\$ 400,000	\$ -	\$ -	\$ -
Design & Construct Lamberth Road Expansion - Shady Oaks to Friendship Road	\$ 300,000	\$ 1,500,000	\$ -	\$ -	\$ -
Design & ROW Acquisition for FM 1417 Improvements - SH 56 to W. Travis	\$ 500,000	\$ -	\$ 3,000,000	\$ -	\$ -
Repair South Travis Street Bridge at Post Oak Creek	\$ 600,000	\$ -	\$ -	\$ -	\$ -
Engineer & Construct McGee Street - Phase II - Little Lane to Sand Creek	\$ 540,000	\$ -	\$ -	\$ -	\$ -
Reconstruct North End of San Miguel Street as a Cul-De-Sac	\$ 110,000	\$ -	\$ -	\$ -	\$ -
Schematic Design of Friendship Road - SH 56 to OB Groner	\$ 600,000	\$ -	\$ -	\$ -	\$ -
Bel Air Boulevard Construction - Phase II	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -
TIF #2 - Downtown General Improvements	\$ 600,000	\$ -	\$ -	\$ -	\$ -
TIF #3 - Old Medical Plaza Hospital Demolition & Asbestos Mitigation	\$ 200,000	\$ -	\$ -	\$ -	\$ -
TIRZ #5 - Crossroads General Improvements	\$ 325,000	\$ -	\$ -	\$ -	\$ -
TIRZ #6 - Reimburse Sherman Landing Developer	\$ 800,000	\$ -	\$ -	\$ -	\$ -
Extend Moore Street - Park Ave to Power Easement	\$ 2,200,000	\$ -	\$ -	\$ -	\$ -
Design & Construct Heritage Ranch East-West Collector - Plainview Road to FM 1417	\$ -	\$ 500,000	\$ 3,000,000	\$ 2,000,000	\$ -
Repair Erosion Damage & Overlay Bridge Deck on McGee Street Bridge	\$ -	\$ 150,000	\$ 750,000	\$ -	\$ -
Design & Construct Legacy Boulevard	\$ -	\$ 200,000	\$ 1,200,000	\$ -	\$ -
Planning Costs for FM 1417 Improvements - US 75 East to Railroad Crossing	\$ -	\$ 500,000	\$ -	\$ -	\$ -
Extend Moore Street - Power Easement to Center Street	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -
Bel Air Boulevard Construction - Phase III	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -
Construct Progress Drive - Progress Rail to Flanary Road	\$ -	\$ -	\$ 1,900,000	\$ -	\$ -
Construct Street Connecting Loy Lake Road to Fallon Drive Overpass	\$ -	\$ -	\$ 500,000	\$ -	\$ -
Construct Flanary Road - FM 1417 to Progress Drive	\$ 330,000	\$ 5,600,000	\$ -	\$ -	\$ -
Engineering Design for Future McGee/Washington Construction - Washington to SH 289	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -
Engineer & Construct McGee Street Bridge Across Sand Creek	\$ -	\$ -	\$ 500,000	\$ -	\$ -
Design & Construct Park Street - Lake Street to SH 11	\$ -	\$ -	\$ -	\$ 300,000	\$ 1,700,000
Final Engineering of Fallon Drive - East Towards Dripping Springs	\$ -	\$ -	\$ -	\$ 100,000	\$ 1,000,000
New Flanary Drive Extension from FM 1417 to Shepherd	\$ 330,000	\$ 5,600,000	\$ -	\$ -	\$ -

2022 CIP Changes

UTILITY SERVICES

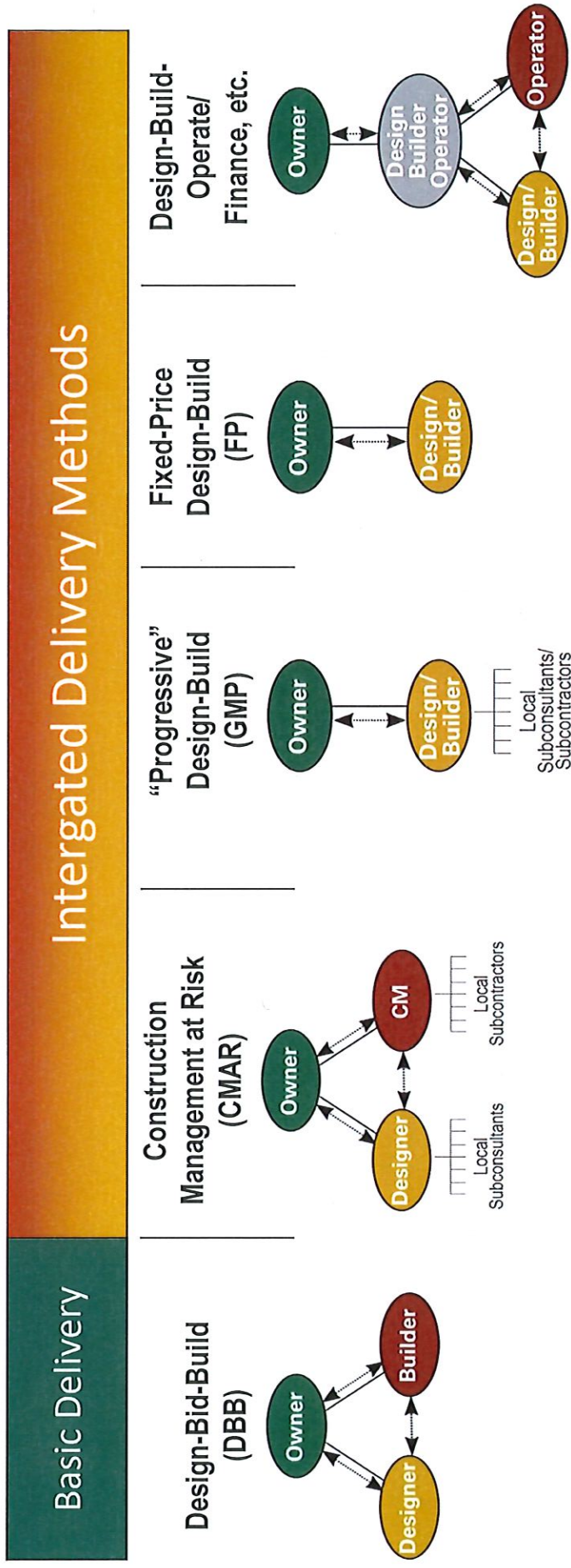
PROJECT	FY 2022 Budgeted	FY 2023 Proposed	FY 2024 Proposed	FY 2025 Proposed	FY 2026 Proposed
Oversizing Costs for Annual Water & Sewer Projects	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Upgrade Water System at High Country Estates	\$ 60,000	\$ 70,000	\$ 80,000	\$ -	\$ -
Replace Deteriorated Southside Industrial Sewer	\$ 250,000	\$ 2,400,000	\$ 1,950,000	\$ -	\$ -
Replace EDR Process with RO Filtration at WTP	\$ 50,000	\$ 1.0M	\$9.0M \$9.0M	\$ -	\$ -
Engineer & Rehabilitate Backwash Tank at WTP	\$ 250,000	\$ 1,500,000	\$ -	\$ -	\$ -
Refurbish Flocculation/Sedimentation Basin at WTP	\$ 250,000	\$ 2,125,000	\$ -	\$ -	\$ -
Perform Maintenance & Refurbish Rex Cruse Elevated Storage Tank	\$ 75,000	\$ 500,000	\$ -	\$ -	\$ -
Engineer & Construct Wastewater Concentrate Disposal Line at WTP	\$ 400,000	\$ 2,000,000	\$ -	\$ -	\$ -
Replace WWTP Main Switchgear & Upgrade Electrical	\$ 500,000	\$ 4,500,000	\$ -	\$ -	\$ -
Legacy Surface Water Line - Phases II & III	\$ 1,500,000	\$ 1,000,000	\$ -	\$ -	\$ -
Replace Center Street Inverted Siphon Sewer Line	\$ 65,000	\$ 500,000	\$ -	\$ -	\$ -
Implement AWIA Security Upgrades for WTP	\$ 200,000	\$ -	\$ -	\$ -	\$ -
Implement Vulnerability Assessment Security Upgrade Recommendations	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Replace Headworks Pump #1 at WWTP	\$ 145,000	\$ -	\$ -	\$ -	\$ -
Ida Road Ground Storage Tank - Modifications & Repairs	\$ 3,000,000	\$ -	\$ -	\$ -	\$ -
Replace 12" Water Main Along Texoma Parkway	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -
Abandon Old Wells & Pumps at High Country & Preston Club	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Construct Backup Generator at WTP	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -
Construct Backup Generator at Texoma Pump Station	\$ 900,000	\$ -	\$ -	\$ -	\$ -
Construct Sewer in Northwest Sherman	\$ 1,823,000	\$ -	\$ -	\$ -	\$ -
Perform Annual Stream Stabilization	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Design & Construct Heritage Ranch Lift Station	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -
Engineer Creek Stabilization Near Nantucket/Post Oak Creek	\$ 600,000	\$ -	\$ -	\$ -	\$ -

2022 CIP Changes

UTILITY SERVICES

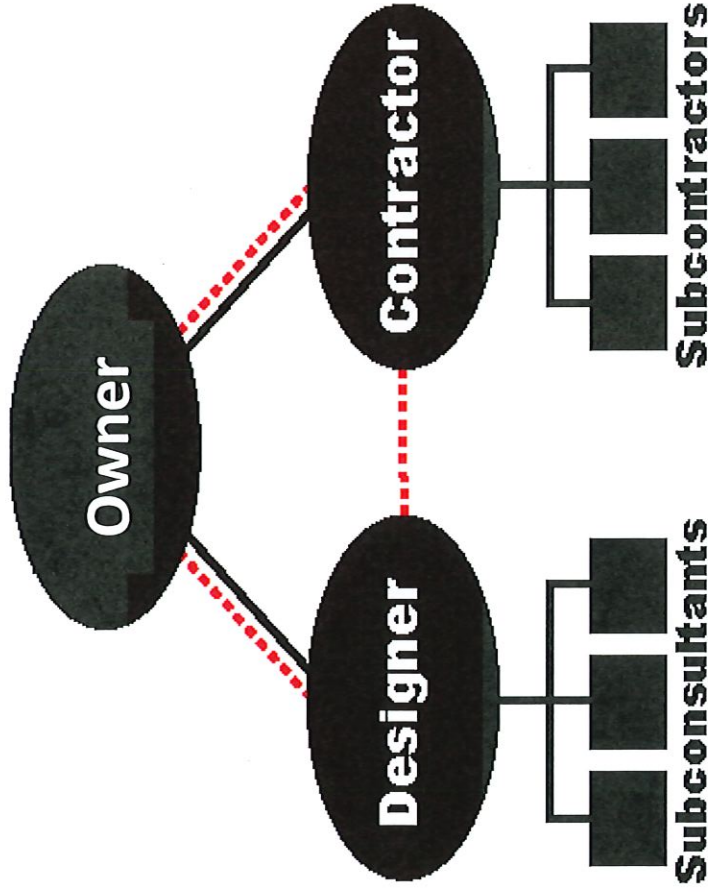
PROJECT	FY 2022 Budgeted	FY 2023 Proposed	FY 2024 Proposed	FY 2025 Proposed	FY 2026 Proposed
Extend Utilities to Serve Shepherd Drive Development	\$ 400,000	\$ -	\$ -	\$ -	\$ -
Construct Legacy Waterline - Phase I	\$ 400,000	\$ -	\$ -	\$ -	\$ -
Construct Utilities Within Bel Air Boulevard Planned Development	\$ 300,000	\$ -	\$ -	\$ -	\$ -
Engineer, Design & Construct Main Digester Complex Rehabilitation	\$ -	\$ 500,000	\$ 3,500,000	\$ -	\$ -
Upgrade WTP Lake Station Pump	\$ 700,000	\$ 6.0M 1,000,000	\$ -	\$ 3,000,000	\$ -
Expand & Remodel Lab Facility & Interior Areas	\$ -	\$ 1,750,000	\$ -	\$ -	\$ -
Engineer, Design & Construct Equalization Basin Blower Rehabilitation	\$ -	\$ 750,000	\$ -	\$ -	\$ -
Replace Base & Resurface Main Road at WWTP	\$ -	\$ 90,000	\$ -	\$ -	\$ -
Demolish Old Sludge Drying Beds	\$ -	\$ -	\$ 250,000	\$ -	\$ -
Conduct Odor Management Strategies Study for WWTP	\$ -	\$ -	\$ 200,000	\$ -	\$ -
Rehabilitate Sludge Lagoon at WWTP	\$ -	\$ -	\$ 250,000	\$ -	\$ -
Replace Filter Media & Refurbish Filter Basin at WTP	\$ -	\$ -	\$ 600,000	\$ -	\$ -
Refurbish Ground Storage Tank at Fairview	\$ -	\$ -	\$ 500,000	\$ -	\$ -
Build Out UFRO Space to Increase Capacity at WTP	\$ 300,000	\$ 2,500,000	\$ -	\$ 300,000	\$ 2,500,000
Refurbish Dorchester Site 8 Ground Storage Tank	\$ -	\$ -	\$ -	\$ 600,000	\$ -
Resurface Concrete Filter Basins at WTP	\$ -	\$ -	\$ -	\$ 300,000	\$ -
Rehabilitate UV Disinfection System at WWTP	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -
Conduct Digester System Upgrade Feasibility Study	\$ 500,000	\$ -	\$ -	\$ 300,000	\$ -
Engineer, Design & Construct Rehab Grit Removal Process	\$ -	\$ -	\$ -	\$ -	\$ 500,000
36" Water Transmission Line 1A	\$ 6,000,000	\$ 42,000,000	\$ -	\$ -	\$ -
36" Water Transmission Line 1B	\$ 2,400,000	\$ 16,000,000	\$ -	\$ -	\$ -
WTP High Service Pump Expansion	\$ 1,400,000	\$ 11,000,000	\$ -	\$ -	\$ -
WTP UF / RO Expansion	\$ 300,000	\$ 2,500,000	\$ -	\$ -	\$ -
2.0 MGD Elevated Storage Tank	\$ -	\$ 1,900,000	\$ 15,700,000	\$ -	\$ -
100 MG Terminal Storage Reservoir	\$ 2,600,000	\$ -	\$ -	\$ 21,500,000	\$ -
24" Wastewater Line to 42"	\$ -	\$ 565,000	\$ 4,700,000	\$ -	\$ -
36" Wastewater Line to 48"	\$ -	\$ -	\$ -	\$ 1,200,000	\$ 10,000,000
36" Wastewater Line to 48"	\$ -	\$ -	\$ -	\$ 444,000	\$ 3,700,000

Project Delivery Methods



Sherman Design-Bid-Build (DBB) Method

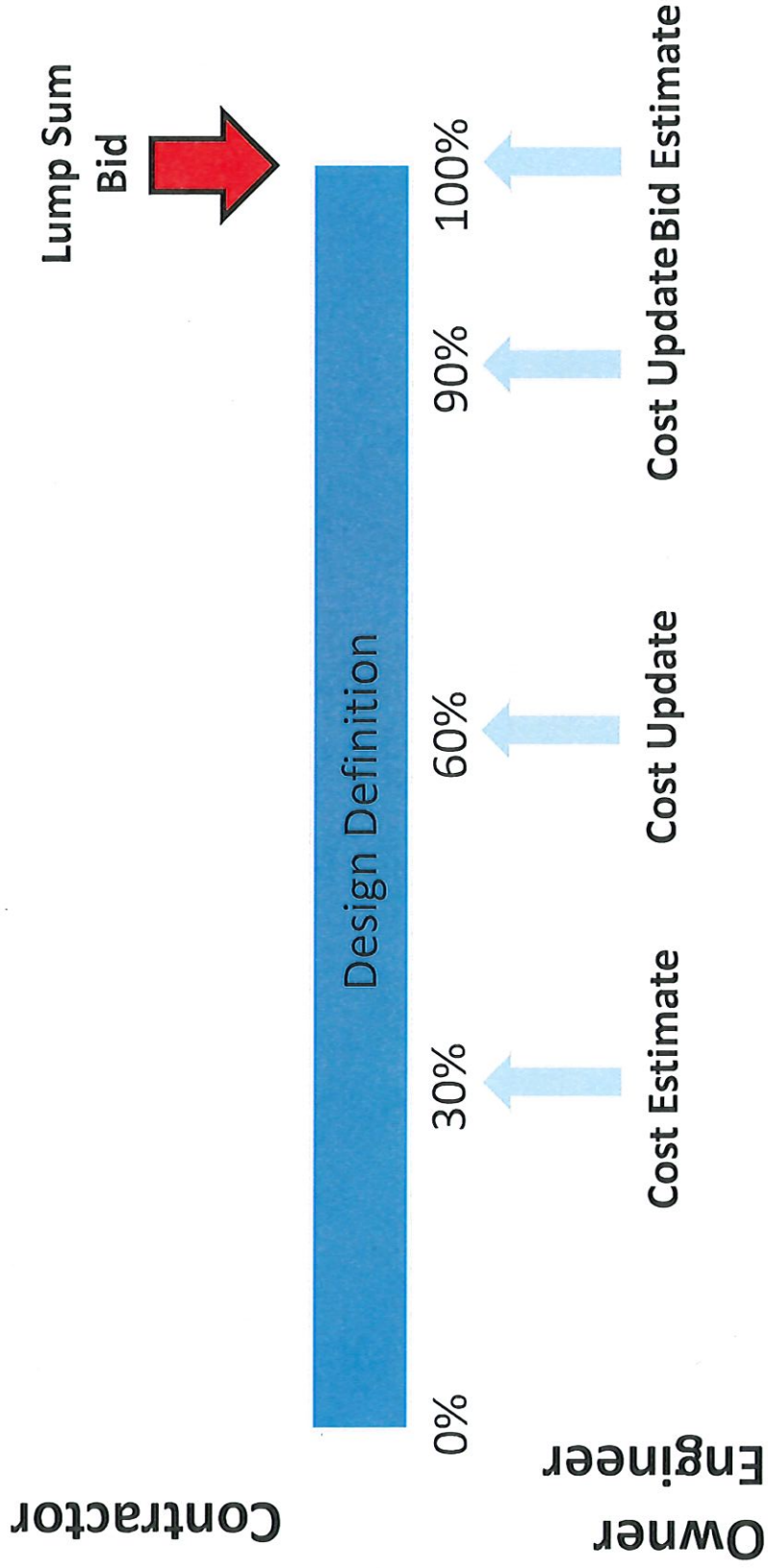
CLASSIC TOWN. BROAD HORIZON.



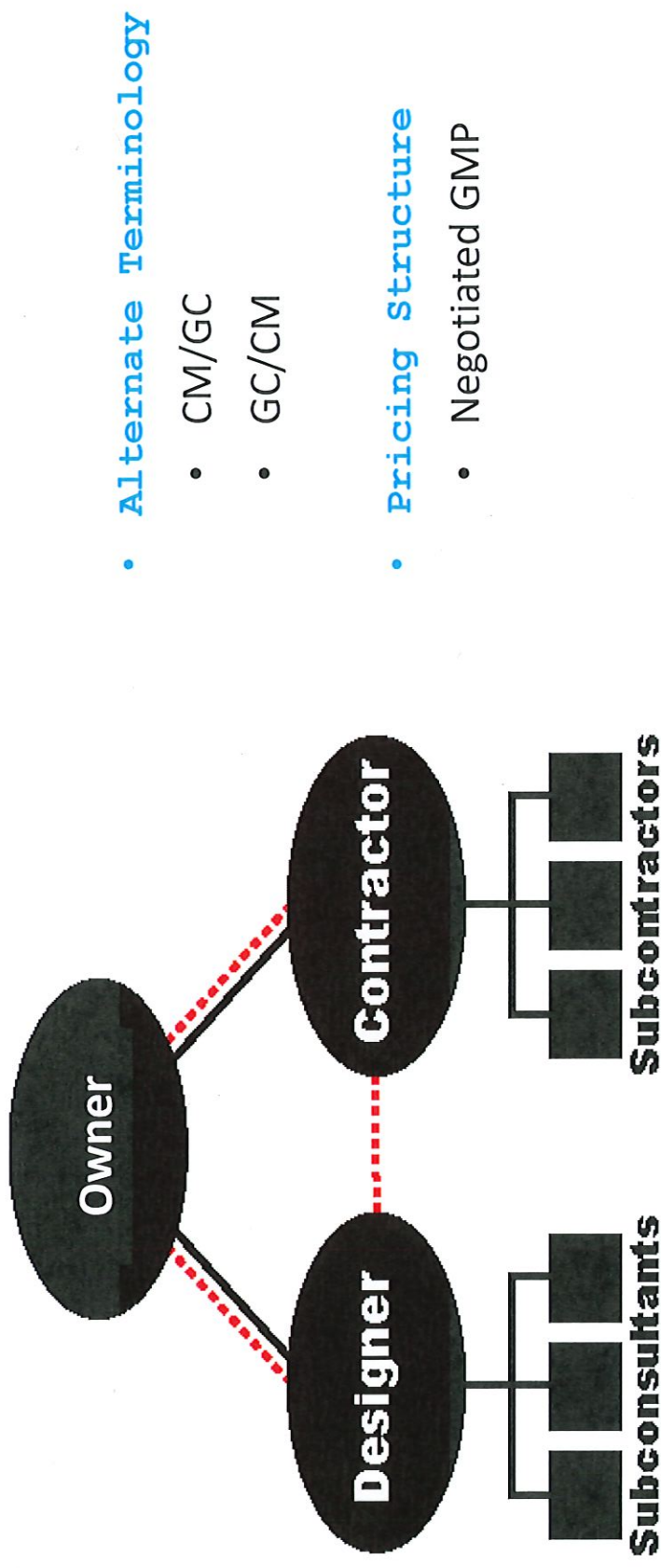
- Alternate Terminology
 - Competitive Bidding
- Pricing Structure
 - Fixed Bid Price (LS)



Cost Model Timeline - DBB

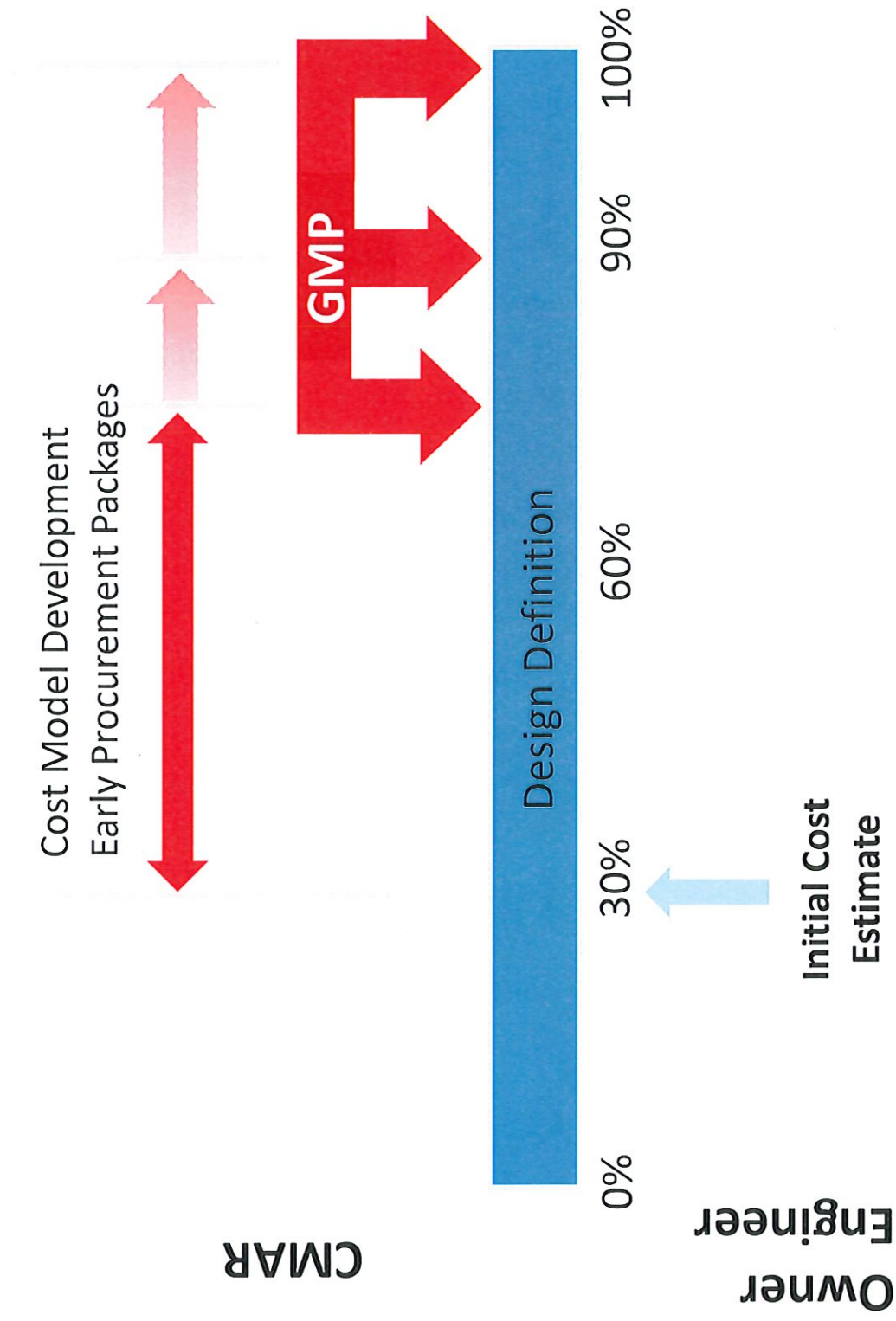


Construction Manager at Risk (CMAR)



Legend	
.....	Working Relationship
—	Contractual Relationship

Cost Model Timeline – CMAR





Water Treatment and Distribution



City of Sherman
Water Master Plan
Water Capital Improvements Plan



Phase	In-Service Date (Year)	Project Number	Project Name	Cost ⁽¹⁾⁽²⁾ (In 2022 Dollars)
Near Term	2022	WTP-1	Brine Line Discharge	\$2,300,000
	2022-2023	WTP-2	Reverse Osmosis/Ultrafiltration Expansion	\$3,000,000
	2023-2024	WTP-3	Electrodialysis Reversal Upgrade	\$10,000,000
	2024	1A	36" Water Transmission "High Head" Line - Phase 1A	\$46,208,300
	2024	1B	36/24-inch Water Transmission "High Head" Line - Phase 1B	\$18,165,100
	2025	2	SWTP High Service Pump Station Capacity Increase to 30 MGD (Electrical and Mechanical)	\$12,376,000
	2025	3	2.0 MG Elevated Storage Tank for Industrial Park and 36" Water Transmission Line	\$17,602,900
	2024	4	Texoma Raw Water Pump Station Expansion - Add 25 MGD Pump	\$6,552,000
	2026	5	100 MG Terminal Storage Reservoir	\$24,024,000
			Total Near Term	\$140,228,300
Long Term	2029	6	New Surface Water Low Pressure Pump Station and New 3.4 MG Clearwell	\$31,740,800
	2029	7	36-inch Water Transmission "Low Head" Line	\$56,670,500
			Total Long Term	\$88,411,300

(1) Proposed project (#1A - #7) costs include 12% engineering and survey and 30% contingency

(2) Costs do not include land or right of way acquisition

(3) Cost does not include treatment capacity expansion

Near Term Projects

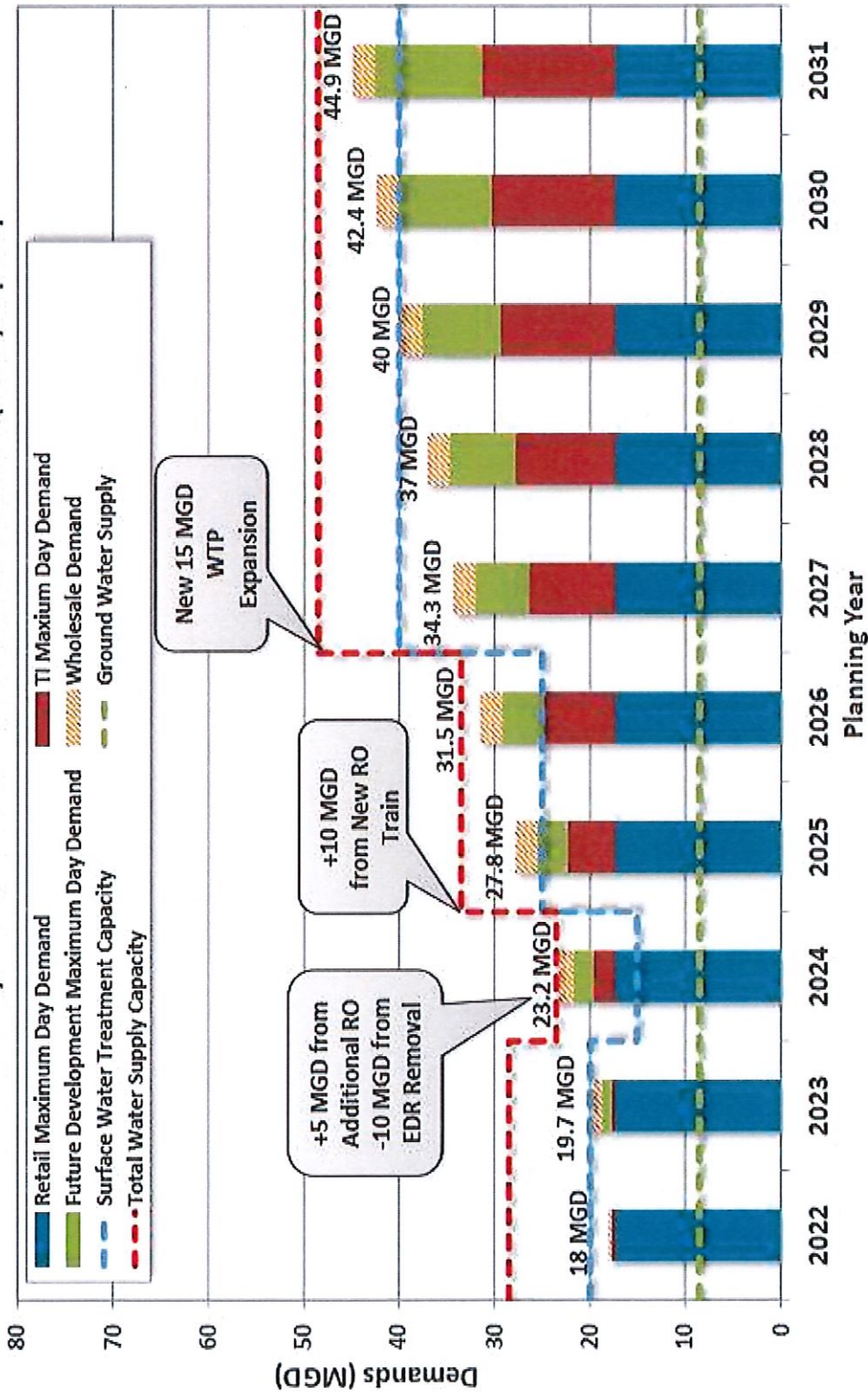
WTP & Pumping Projects – \$76M

Pipeline Projects - \$64M

WTP Expansion - \$???

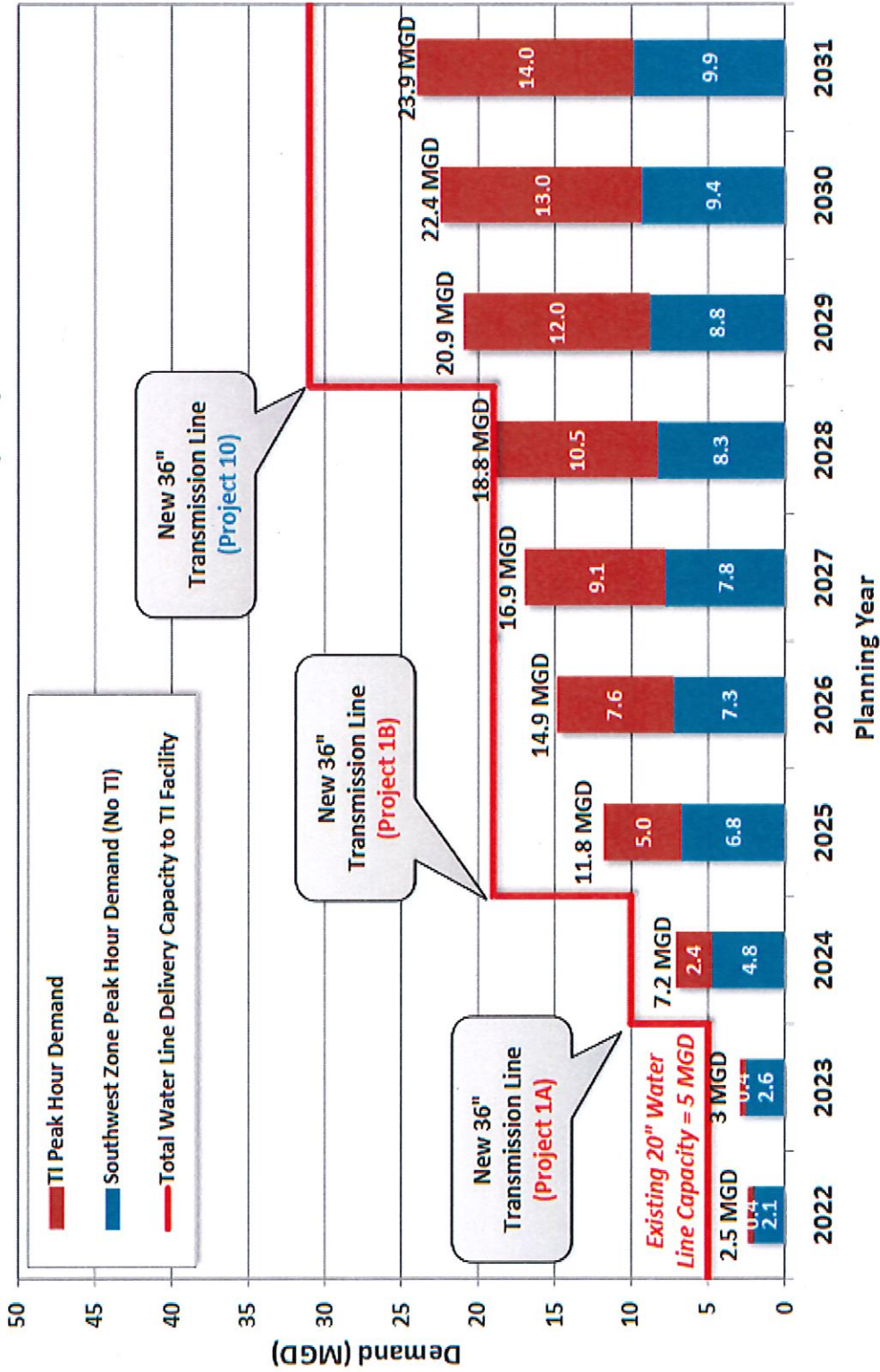
City of Sherman Water Master Plan

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

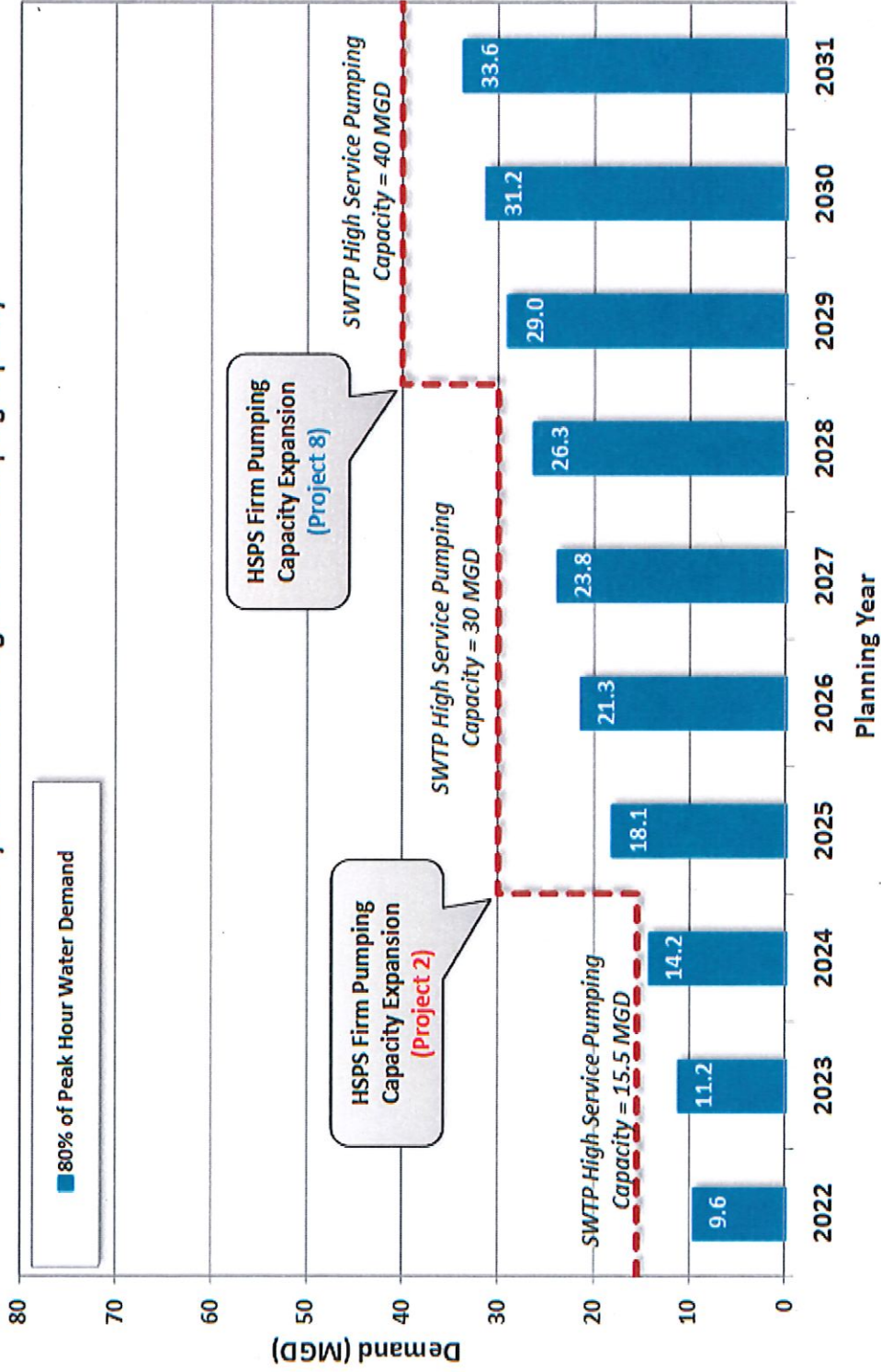


**City of Sherman
Water Master Plan**

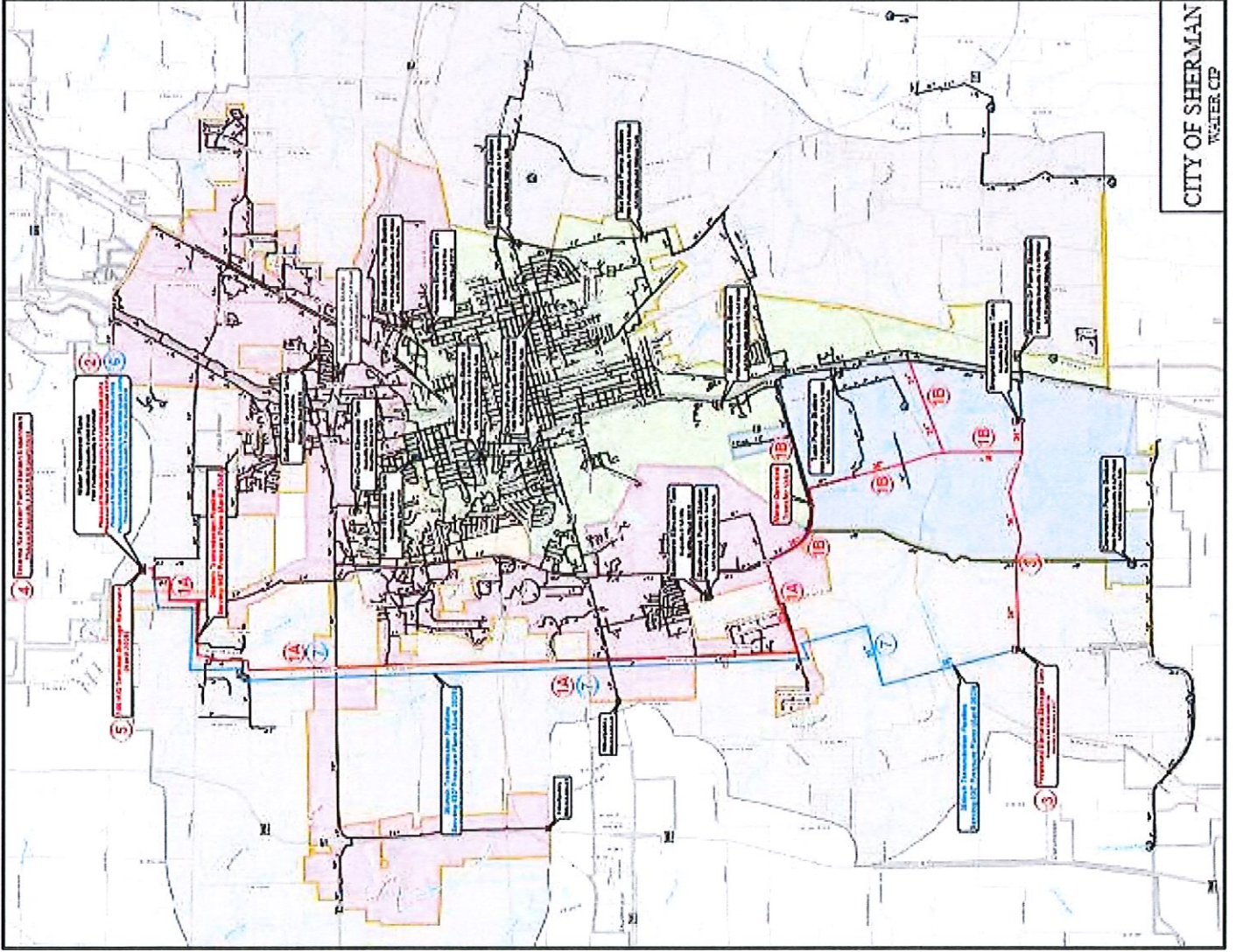
Peak Hour Demand with TI Transmission Line Capacity



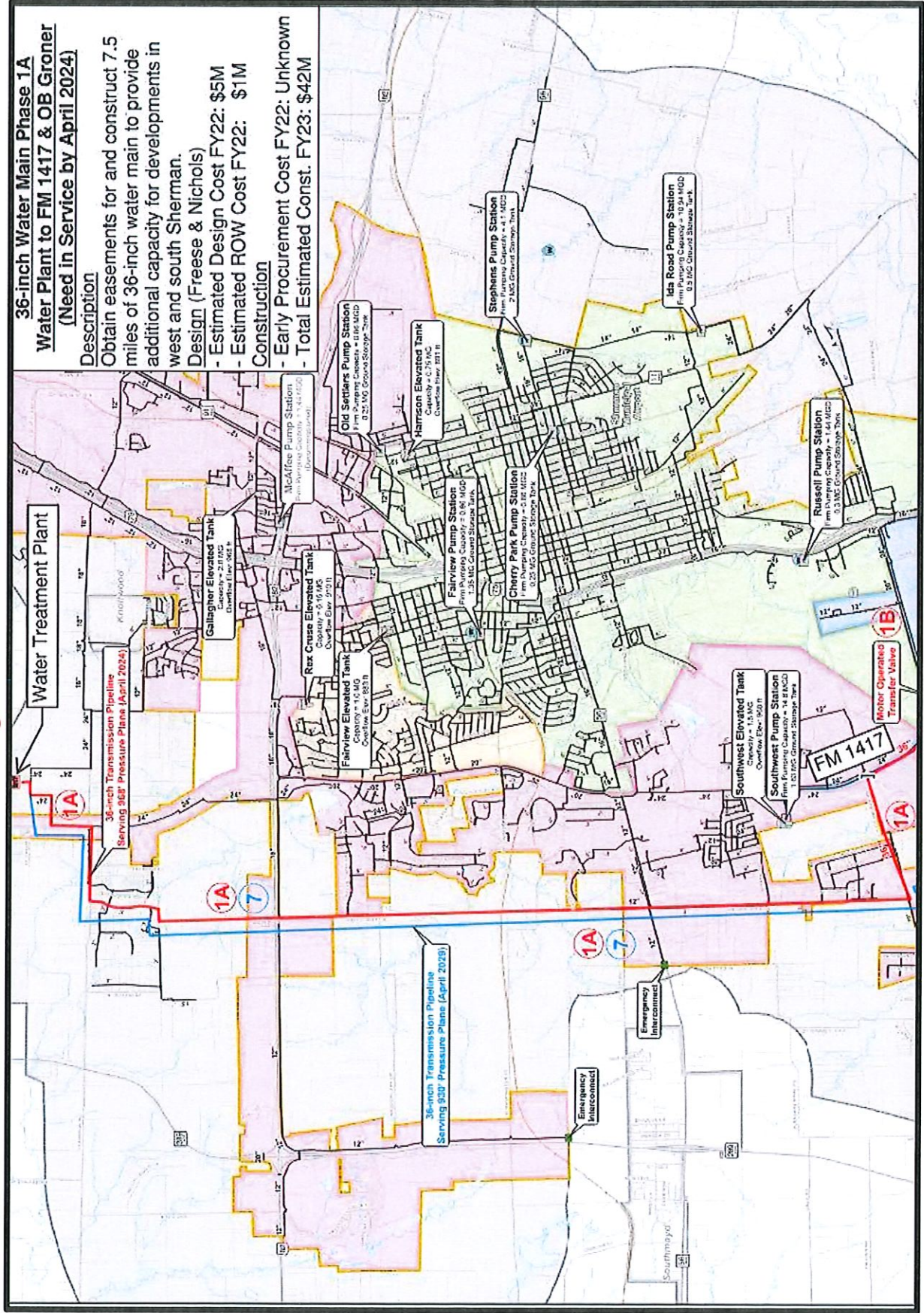
Maximum Day Demand and High Service Pumping Capacity



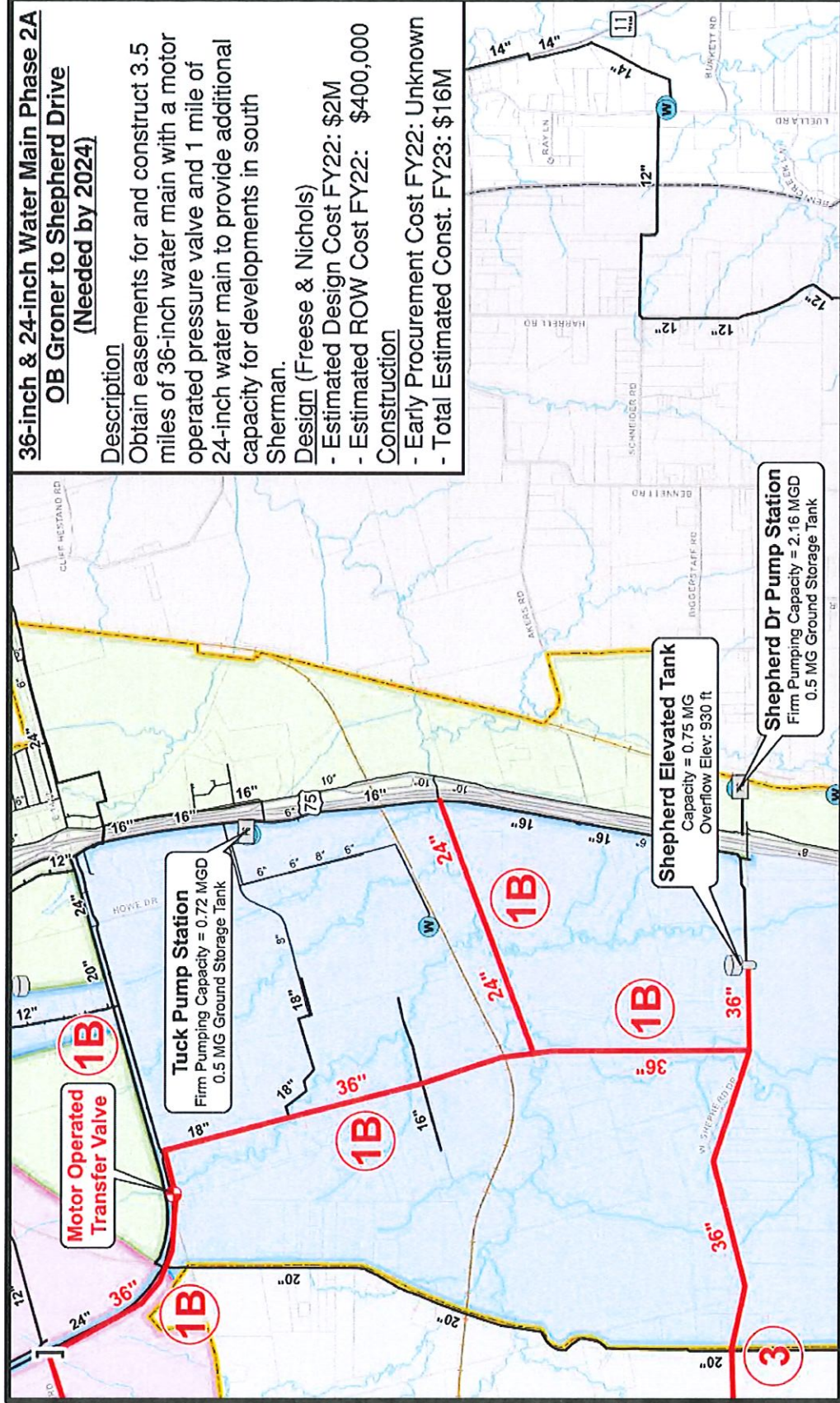
CITY OF SHERMAN
WATER CP



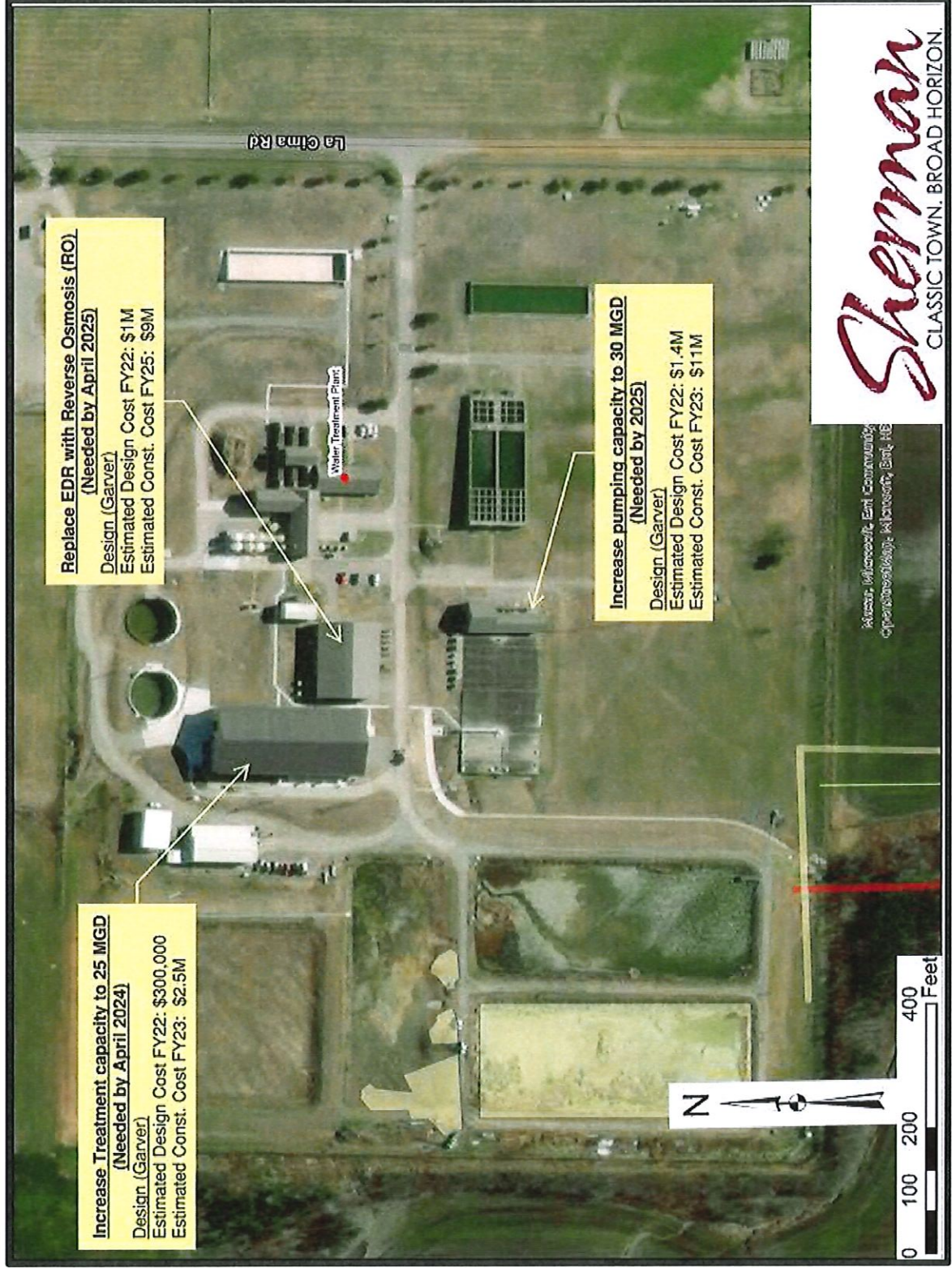
Water Project 1A CMAR



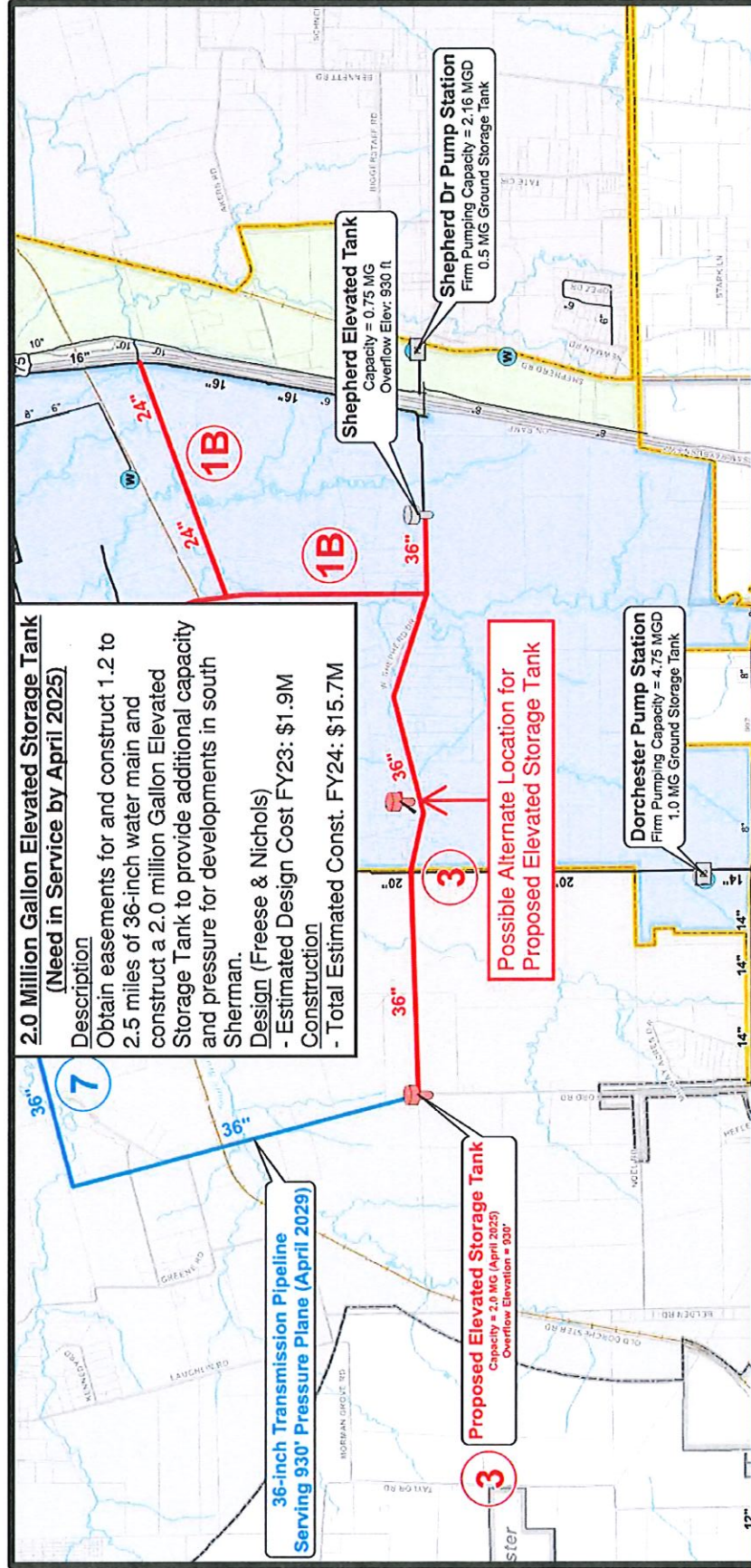
Water Project 1B CMAR



Water Project 2 CMAR



Water Project 3



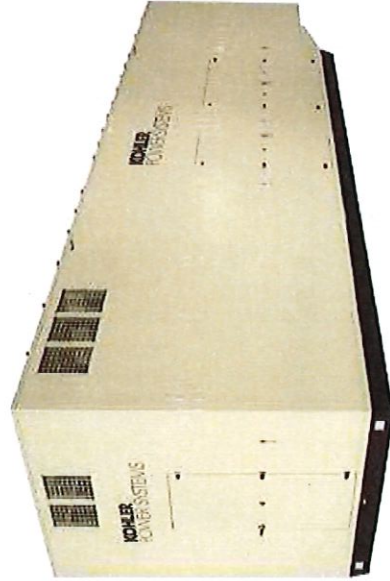
Water Project 4



Water Project 5 CMAR



WTP – Generators



Description

Construct Backup Generators at both the Water Treatment Plant and the Texoma Pump Station. Construction includes both the generator and automatic transfer switch upgrades.

Design (Parkhill Engineers)

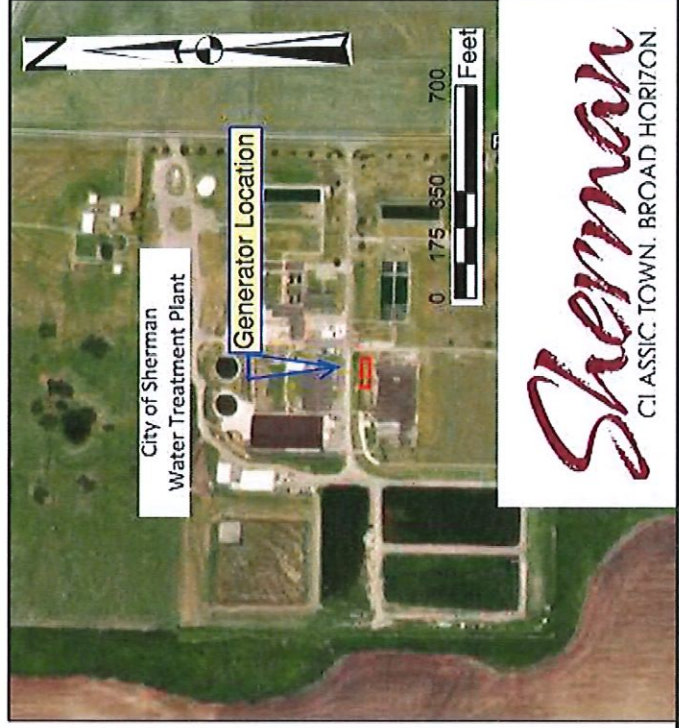
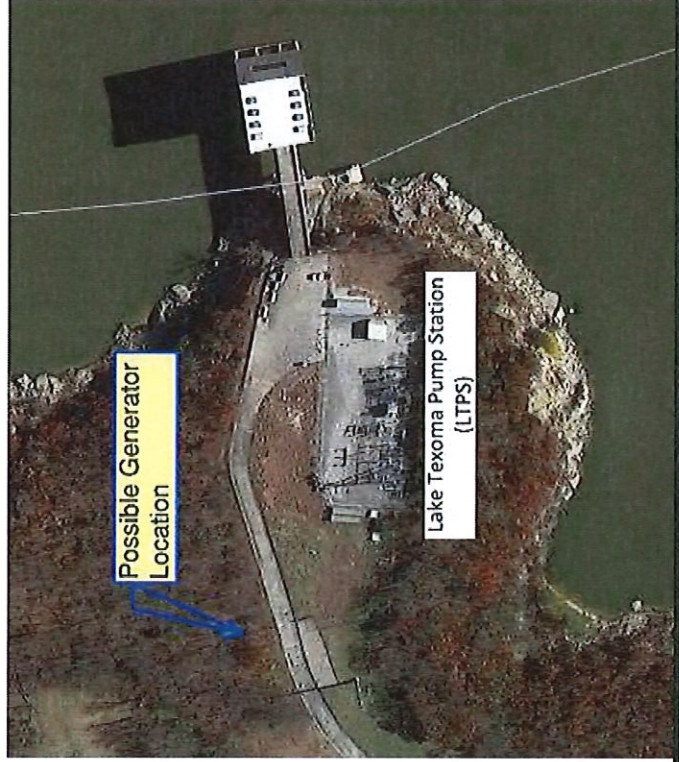
- Cost \$285,000 - 4th Quarter 2021

Construction

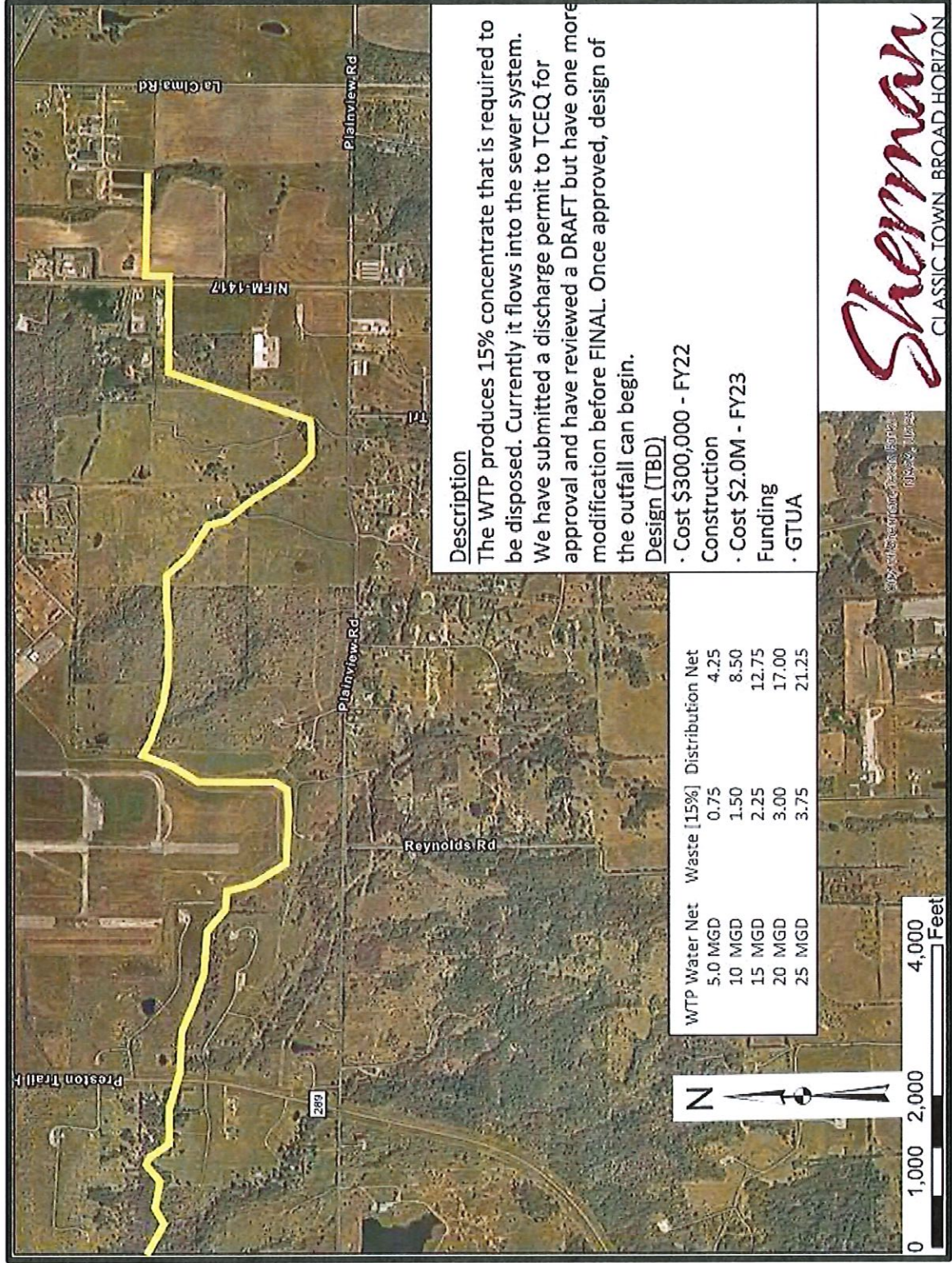
- WTP Cost \$1.6M - 1st Quarter 2022
- Pump Station Cost \$1.9M - 3rd Quarter 2022

Funding

- GTUA / ARPA (Federal Grant)



WTP – Construct Concentrate Disposal Line





Wastewater Treatment and Distribution



City of Sherman
Wastewater Master Plan
Wastewater Capital Improvements Plan

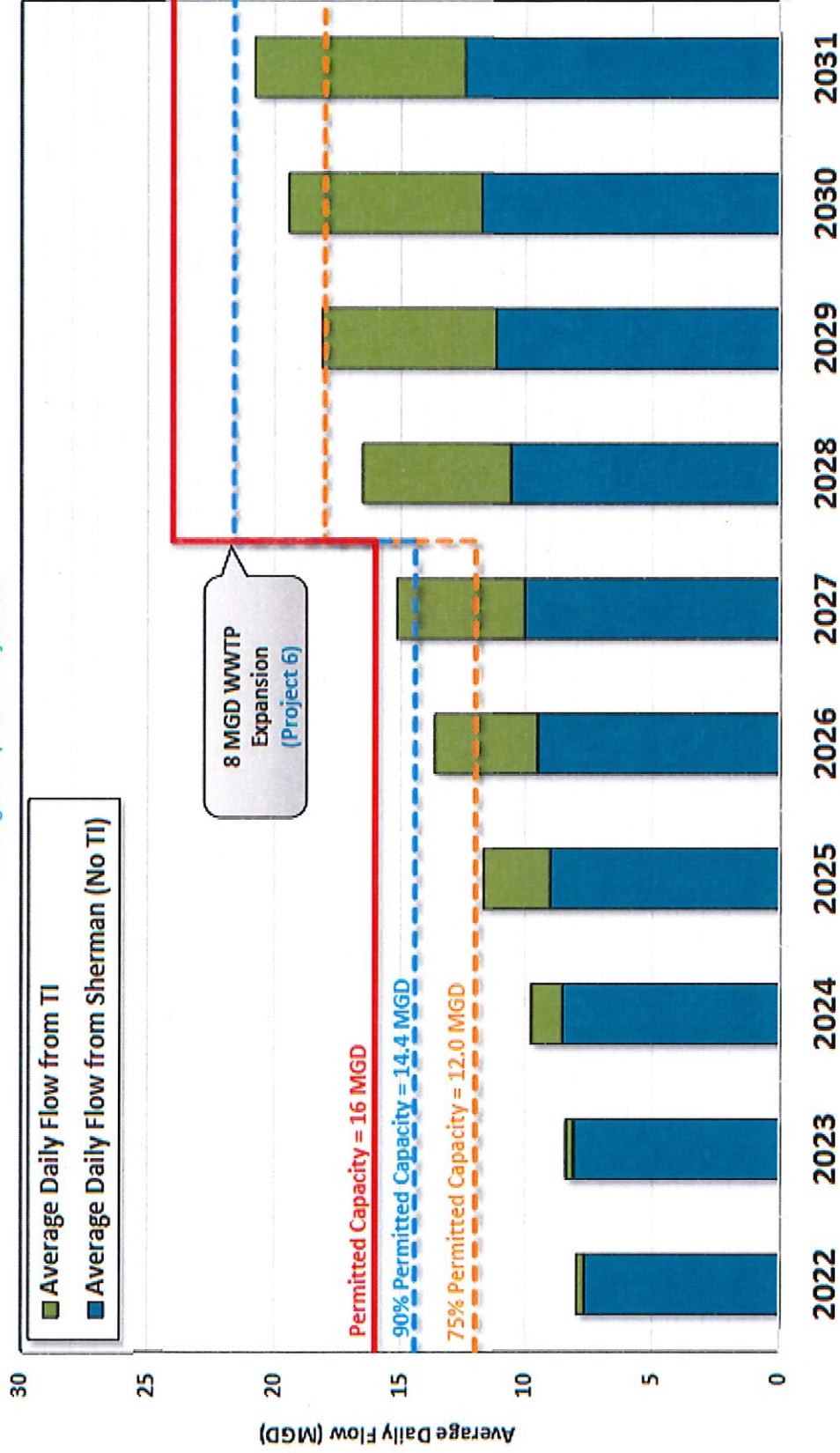


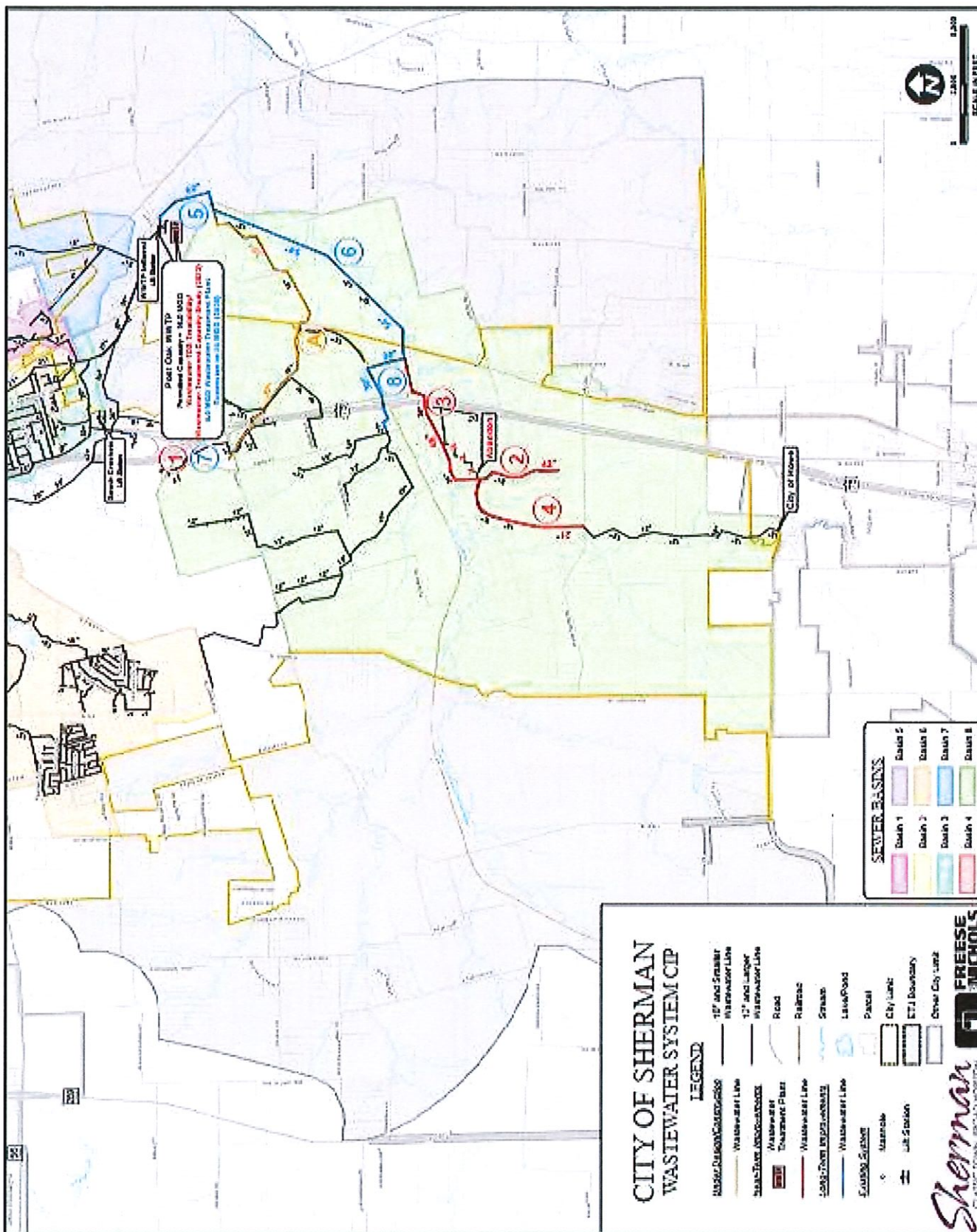
Phase	Project Number	In-service Date	Project Name	Cost ⁽¹⁾ (In 2022 Dollars)	
Near Term	1	2023	Wastewater TDS Treatability/Wastewater Treatment Capacity and Potential Reuse Study	\$500,000	
	2	2025	Upsize existing 24-inch sanitary sewer line West of Texas Instruments to 42-inch	\$5,249,300	
	3	2025	Upsize existing 36-inch sanitary sewer line South of Choctaw Creek to 48-inch	\$11,051,100	
	4	2026	Upsize of existing 15-inch line carrying flow from the upcoming Shepherd Place development to 21-inch	\$4,144,200	
				Total Near Term	\$20,944,600
Long Term	5	2027	Upsize existing 42-inch sanitary sewer line along Post Oak Creek to 60-inch	\$13,813,800	
	6	2027	Upsize existing 42-inch sanitary sewer line along Choctaw Creek to 54-inch	\$14,208,500	
	7	2028	Post Oak WWTP Expansion to 24 MGD	\$119,600,000	
	8	2029	Upsize of existing 21-inch line carrying flow from the upcoming Village development to 30-inch	\$4,736,200	
				Total Long Term	\$152,358,500
				Total Capacity Wastewater CIP Cost	\$173,303,100



City of Sherman
Post Oak WWTP
Average Daily Flow Projections

Sherman
CLASSIC TOWN. BROAD HORIZON.





www Project 1

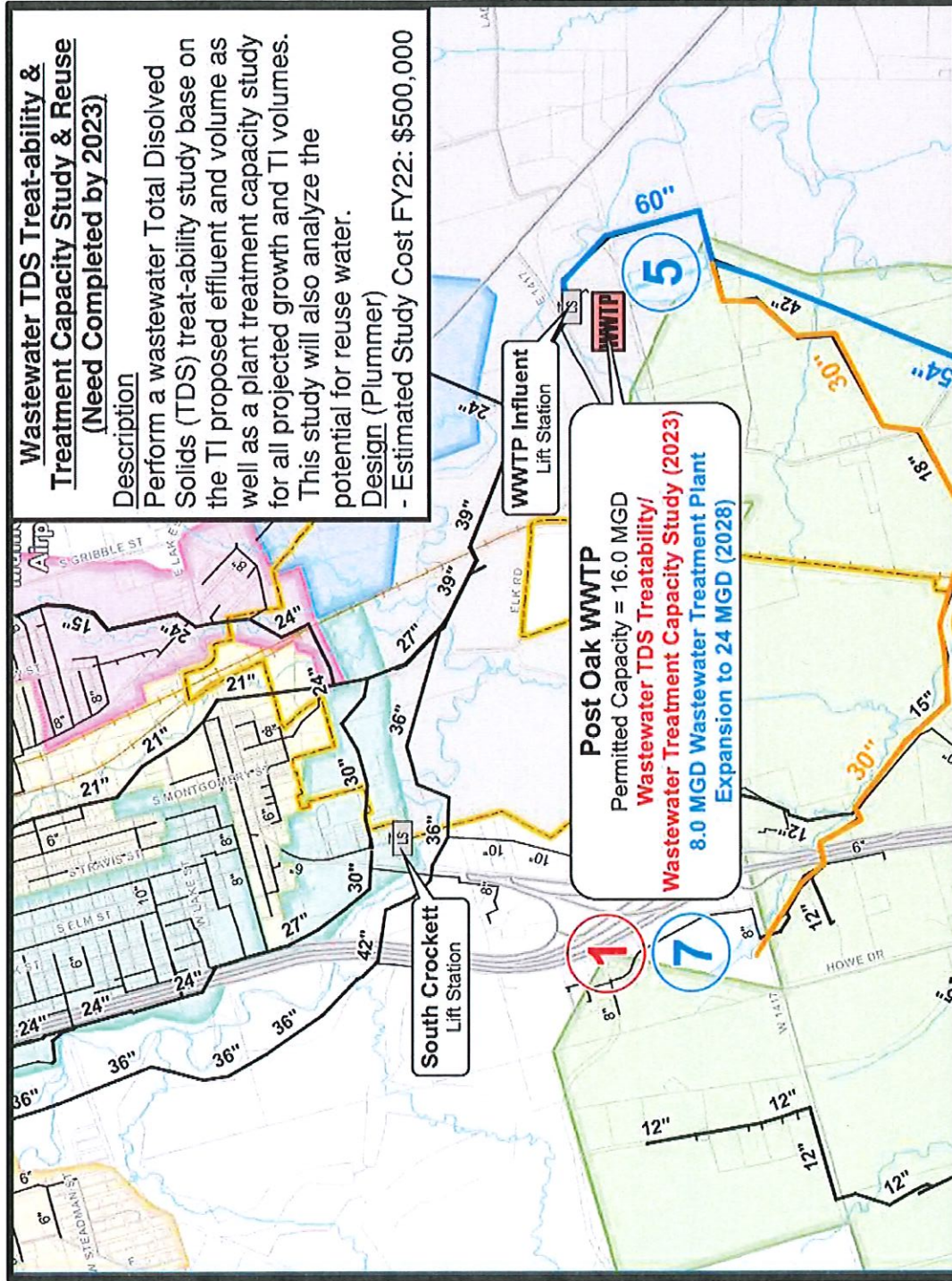
Wastewater TDS Treat-ability & Treatment Capacity Study & Reuse (Need Completed by 2023)

Description	Amount
1. Cash	100.00
2. Accounts Receivable	50.00
3. Inventory	25.00
4. Prepaid Insurance	10.00
5. Equipment	75.00
6. Accumulated Depreciation	(25.00)
7. Accounts Payable	(30.00)
8. Long-Term Debt	(40.00)
9. Equity	155.00
Total	360.00

Perform a wastewater Total Dissolved Solids (TDS) treat-ability study base on the TI proposed effluent and volume as well as a plant treatment capacity study for all projected growth and TI volumes.
This study will also analyze the potential for reuse water.

Design (Plummer)

- Estimated Study Cost FY22: \$500,000



WW Project 2

Increase Capacity of 24-inch Wastewater Main (Need in Service by December 2025)

Description

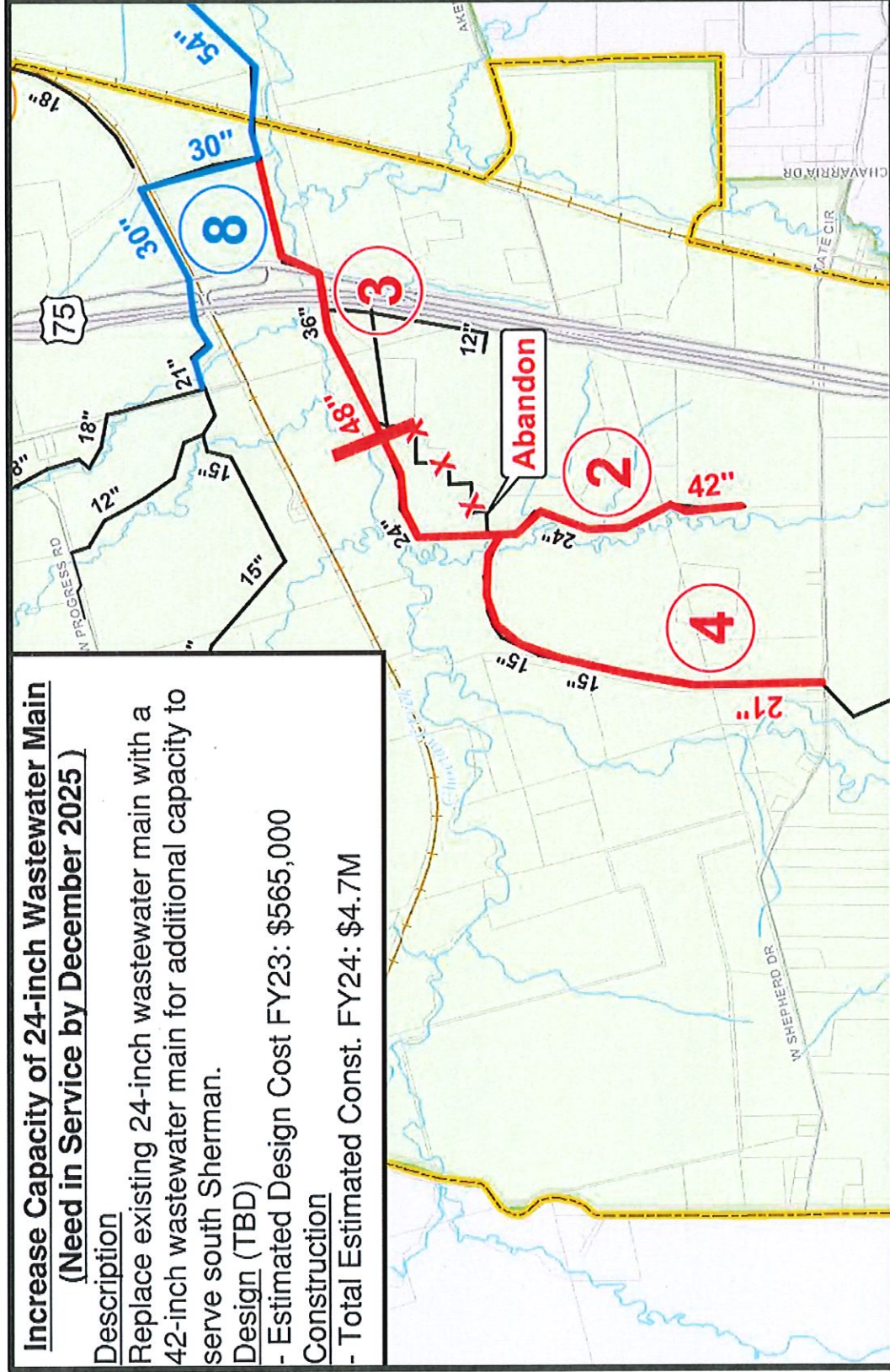
Replace existing 24-inch wastewater main with a 42-inch wastewater main for additional capacity to serve south Sherman.

Design (TBD)

- Estimated Design Cost FY23: \$565,000

Construction

- Total Estimated Const. FY24: \$4.7M



WW Project 3

Increase Capacity of 36-inch Wastewater Main (Need in Service by December 2025)

Description

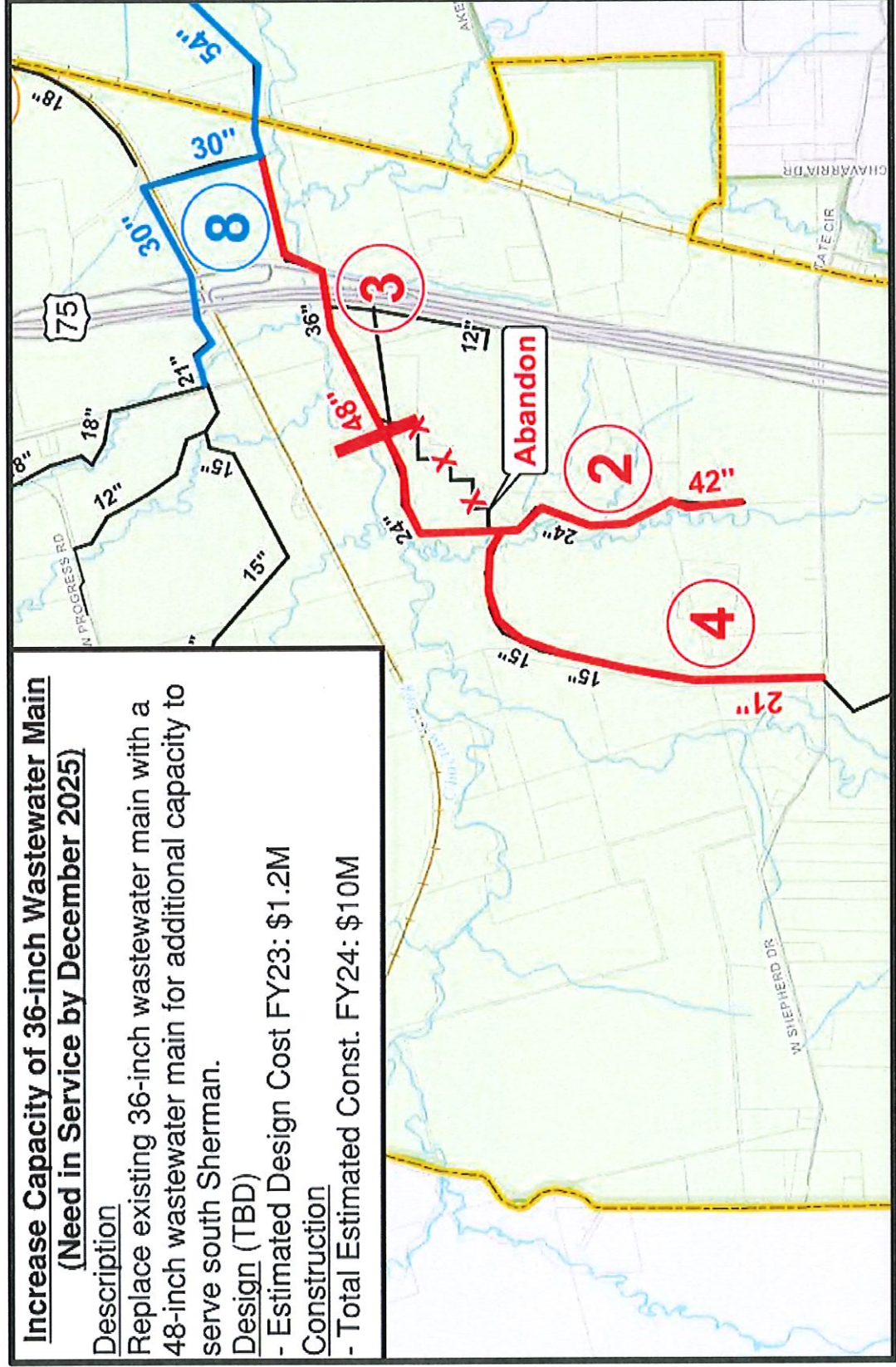
Replace existing 36-inch wastewater main with a 48-inch wastewater main for additional capacity to serve south Sherman.

Design (TBD)

- Estimated Design Cost FY23: \$1.2M

Construction

- Total Estimated Const. FY24: \$10M



WW Project 4

Increase Capacity of 15-inch Wastewater Main (Need in Service by December 2026)

Description

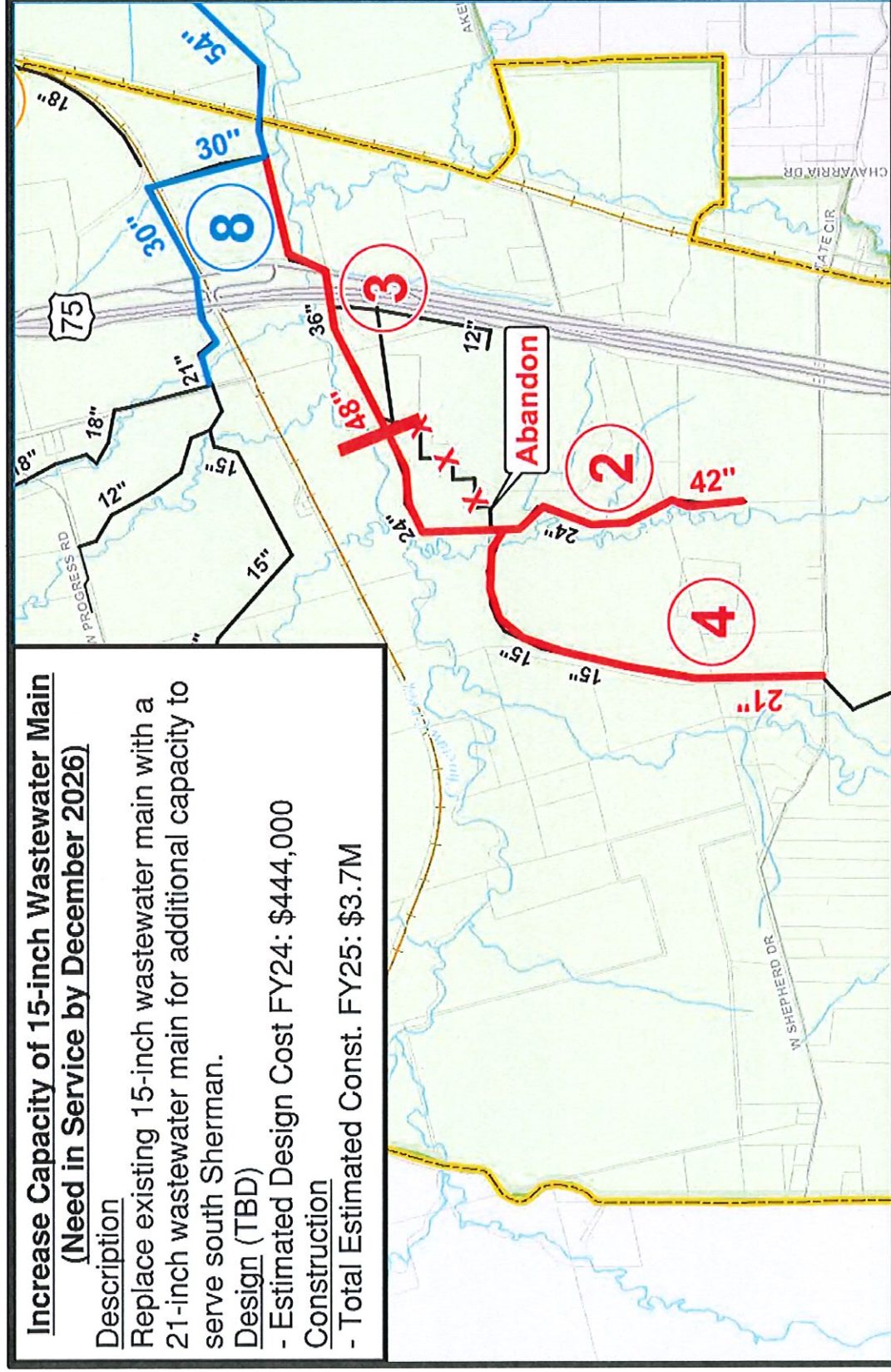
Replace existing 15-inch wastewater main with a 21-inch wastewater main for additional capacity to serve south Sherman.

Design (TBD)

- Estimated Design Cost FY24: \$444,000

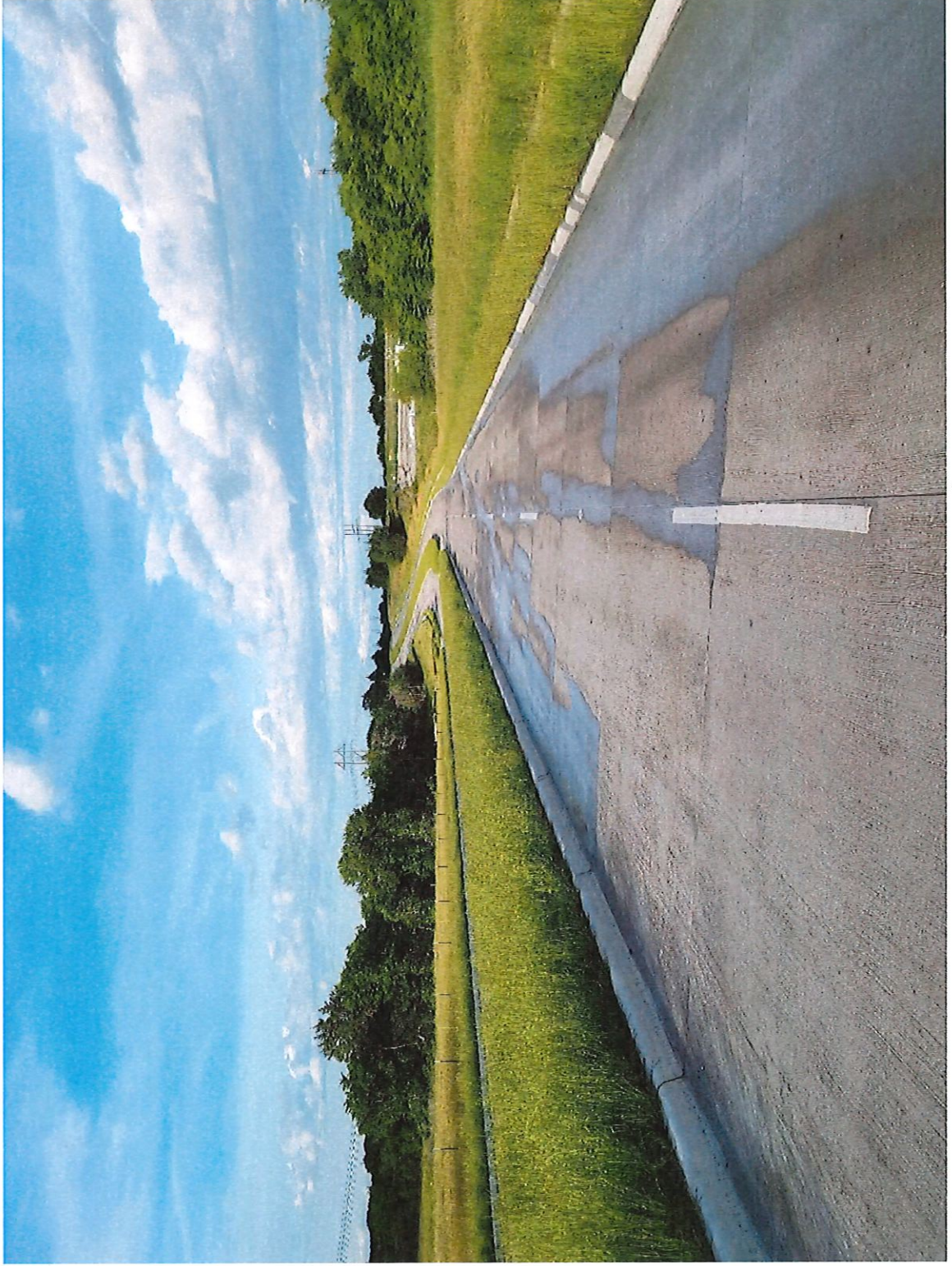
Construction

- Total Estimated Const. FY25: \$3.7M

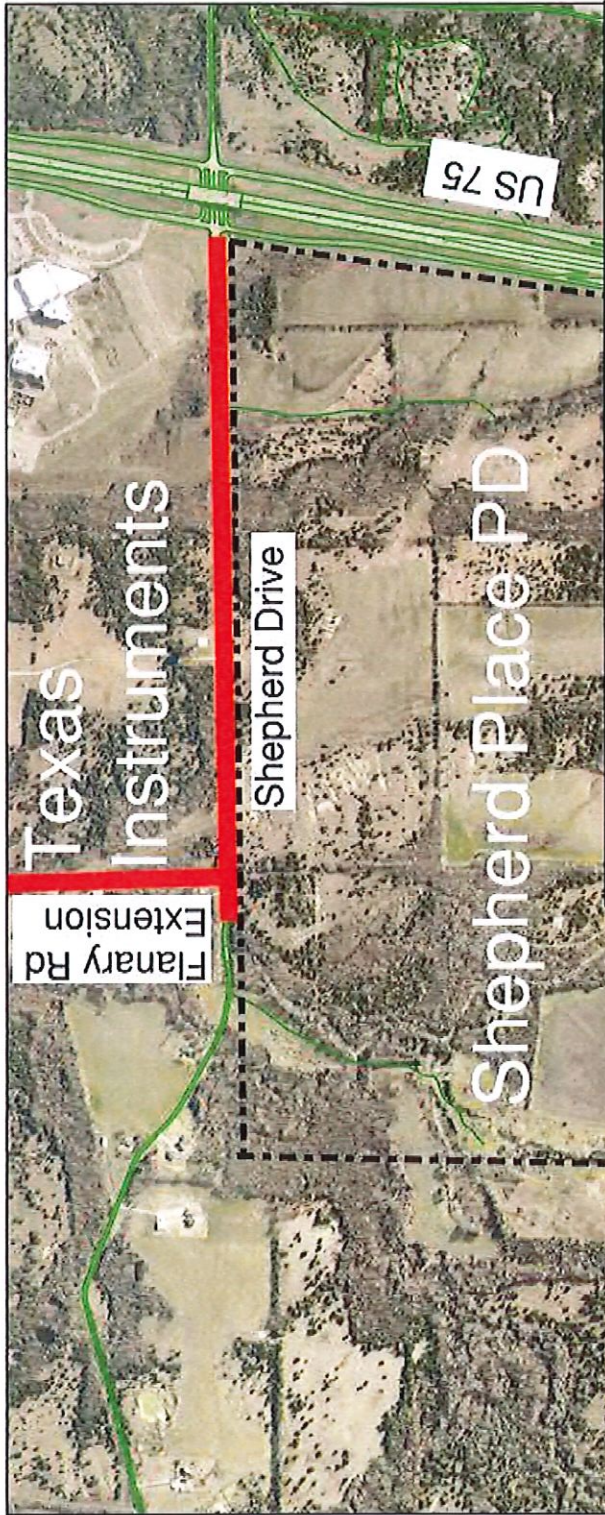


Sherman Streets

CLASSIC TOWN. BROAD HORIZON.



Shepherd Road Expansion



Flanary Rd Extension

Texas Instruments

Shepherd Drive

US 75

Shepherd Place PD

Description
Construct 4,000' of four lanes of an ultimate 6 lane Boulevard from Flanary Road Extension to US 75. Design and Construction will be coordinated TI, ONCOR, and Shepherd Place PD. 30% Preliminary Design Contract will be completed by end of February/first of March 2022.

Final Design (Kimley-Horn)

- Cost \$330,000 - FY22

Construction

- Cost \$5.6M - FY23

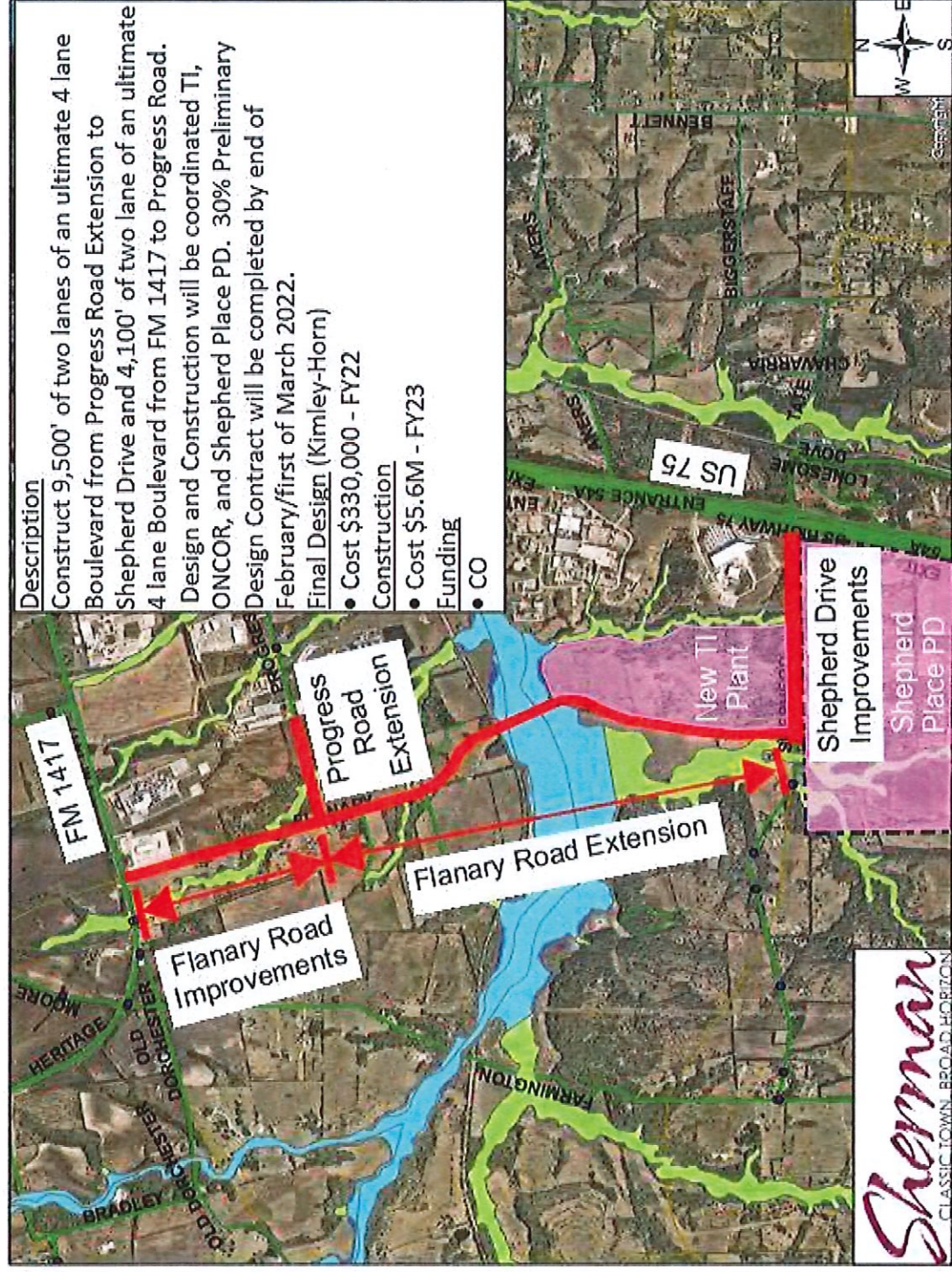
Funding

- CO



Sherman
CLASSIC TOWN. BROAD HORIZON.

Flanary Road Extension – 1417 to Shepherd



Shepherd Road Expansion



5 Year CIP Critical List

ACTIVITY	Period Highlight: 20																			
	2022				2023				2024				2025				2026			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Design Phase Per Quarter	Design Duration Per Quarter				Construction Start Per Quarter				Construction Duration Pre Quarter											
Brine Line Discharge Permit	1	2			4				3											
36" Water Transmission Line 1A	2	3			4				9											
36" Water Transmission Line 1B	2	3			4				8											
WTP High Service Pump Expansion	2	3			4				6											
WTP UF/RO Expansion	2	3			4				5											
WTP EDR Conversion to RO	4	3			9				4											
2.0 MG Elevated Storage Tank	4	3			9				4											
Texoma Pump Station Pump Exp.	2	2			5				8											
100 MG Terminal Storage Reservoir	3	4			8				8											
WWTP Treatability / Capacity & Reuse Study	2	4																		
Upsize 24" SS Line west of TI to 42"	6	3			11				5											
Upsize 36" SS Line north of TI to 48"	6	3			11				5											
Upsize 15" SS Line south of WWTP to 21"	8	3			11				4											
Texas Instruments Water Demands MGD	0.7				0.7				1.7				3.6				5.4			



Engineering Qualification Process

- Seven firms selected for evaluation
 - Lockwood, Andrews, and Newnam
 - Freese & Nichols
 - Chang, Patel, & Yerby
 - Parkhill
 - Plummer Associates
 - Garver
 - Pape-Dawson
- Firms selected based on City of Sherman experience, niche expertise, ability to timely perform, CMAR abilities
- Divided engineering services into three groupings
 - WTP - Garver
 - WWTP – Plummer Associates
 - Other – Freese & Nichols



Financial Impacts



Financing Metrics

Every 1 MGD (Water + Sewer) = \$2.5 million revenue = \$45 million in projects
(w/no incremental operating cost increase)

Yearly revenue of \$54,000 = \$1 million in projects

1% increase in water rates

- \$150,000 additional revenue = \$2.7 million more in projects

Scenario:

If TI uses 7 MGD (Ph. I + II) = \$18 million revenue = \$315 million in projects
(w/no incremental operating cost increase)



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 FY 2021	Projected FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025	Projected FY 2026	Projected FY 2027
Beginning Fund Balance	\$ 4,323,306	\$ 4,157,410	\$ 4,481,552	\$ 2,942,781	\$ 501,693	\$ (1,622,214)	\$ 3,687,102
Water Sales	13,158,776	14,526,901	15,452,000	16,432,000	17,471,000	18,573,000	18,962,000
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	8,315,000	9,106,000	9,975,000	10,018,000	11,978,000	12,199,000
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	-
SEDCO/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
Transfers in	438,000	183,000	206,000	210,000	214,000	218,000	222,000
Total Revenues	23,764,945	25,889,296	29,457,297	33,181,298	35,327,299	43,883,300	46,815,300
Personnel	6,433,461	6,626,000	6,825,000	7,030,000	7,241,000	7,458,000	7,682,000
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	-	1,180,660	5,714,245	9,150,216	10,388,573	10,613,067	10,916,437
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	25,565,154	30,996,068	35,622,386	37,451,206	38,573,984	39,397,742
Excess (Deficit)	(165,896)	324,142	(1,538,771)	(2,441,088)	(2,123,907)	\$6.1M 5,309,316	7,417,558
Ending Fund Balance	\$ 4,157,410	\$ 4,481,552	\$ 2,942,781	\$ 501,693	\$ (1,622,214)	\$ 3,687,102	\$ 11,104,659

Days in Fund Balance

63

64

35

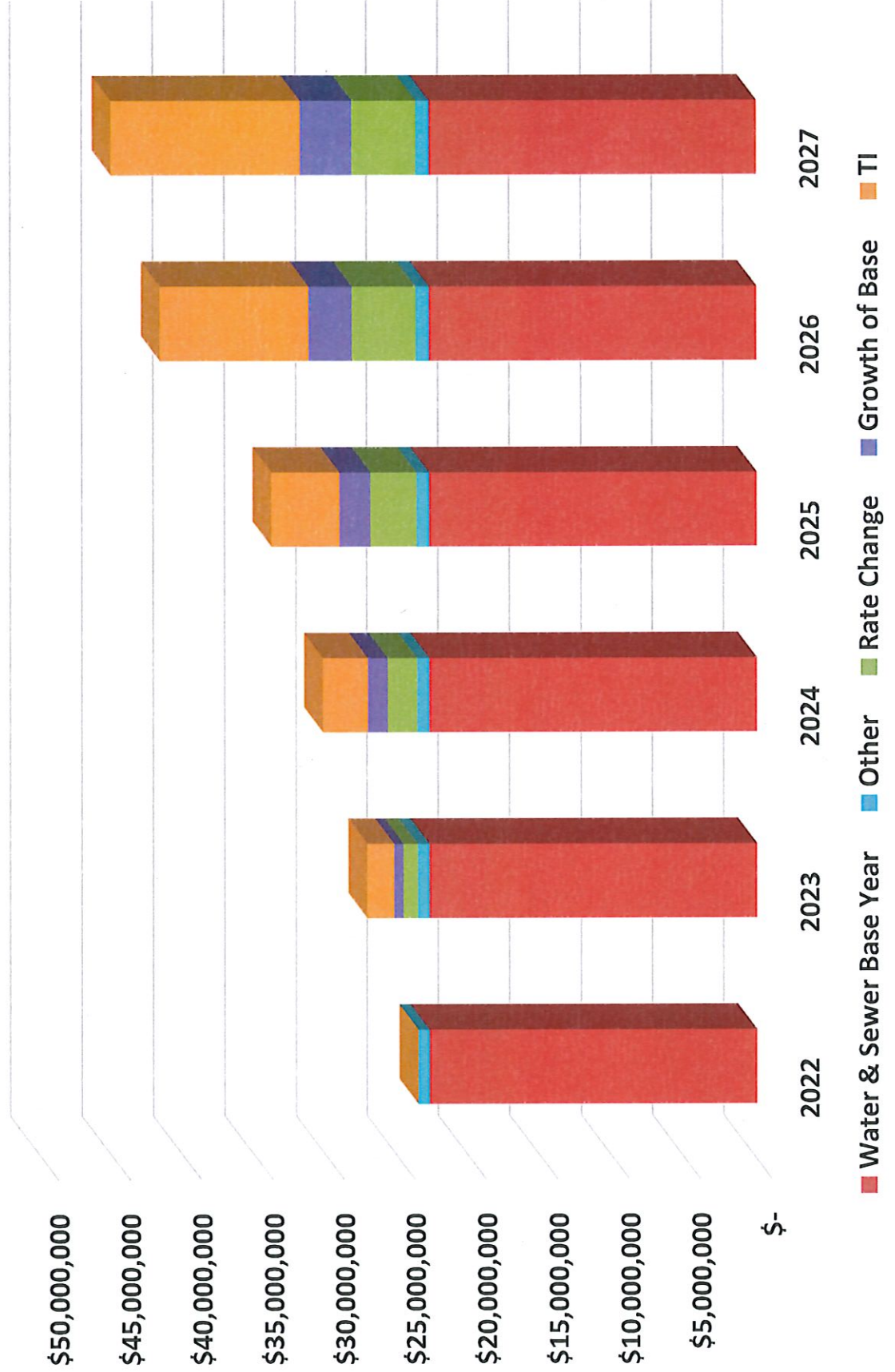
5

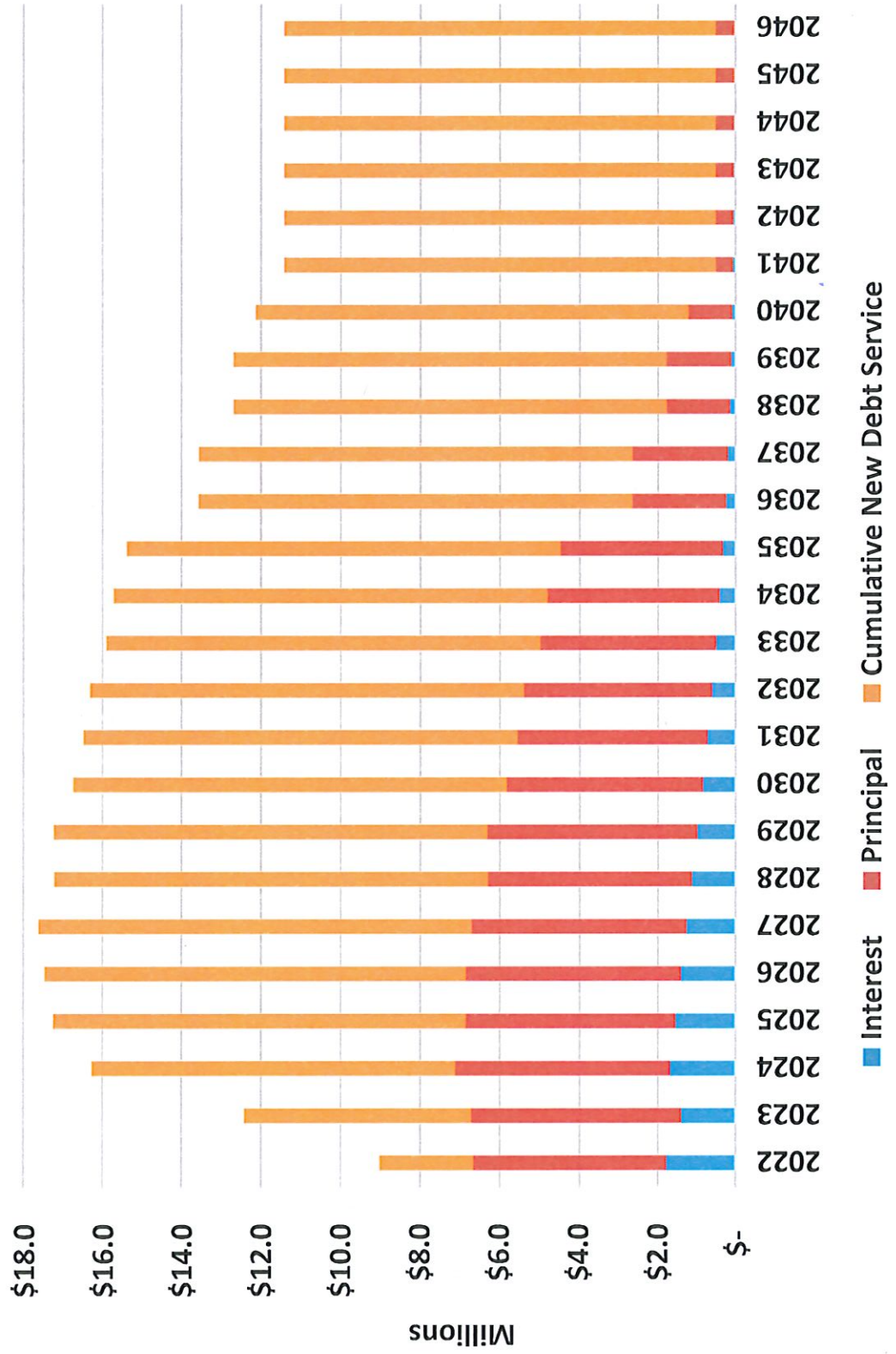
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35

103

Cumulative Growth of Water and Sewer Revenue







Funding Alternatives through GTUA

Interest rate

Issuance costs

Procurement costs

Lead time

Funding certainty

Open Market

Drinking Water State

Revolving Fund (DWSRF)





MEMC 1996 Infrastructure Agreement

Terms and structure

- MEMC constructs significant amount of improvements (\$6.7 million)
- Two-thirds (2/3) of the amounts paid by MEMC were repaid by City through a 40% reduction in water and sewer billings, with remaining one-third (1/3) a capital contribution to City
- 10-year term
- Any remaining due to MEMC after ten years is forgiven debt



Potential Funding Mechanisms

Texas Open Market Funding thru GTUA

TI Funding Agreement? (see MEMC model)

SEDCO infrastructure participation

City Reserves/TI Increment

What Next?

Engineering Firm(s) Selection and Project Management Approach (incl. possible 3rd party projects manager)

Engineering Design – Schematic and Full Design

ROW/Easement Acquisition

Construction of Prioritized Projects (W and WW Master Plan)

Planning Updates

- Utility Rate Study Update – by summer 2022
- W/WW Master Plan Update - 2022
- Impact Fee Update – Fall 2022

Shift focus to TI Phase III & IV impacts:

- Wastewater plant upgrades vs separate industrial plant?
- Water availability discussion
 - Recycle/reuse possibilities
 - NTMWD raw water vs. effluent swap?
- Second 36" water line from WTP?
- TCEQ permitting considerations

Significant investment in Utility (and road) infrastructure is going to be needed

- WTP upgrades and distribution system (begin immediately) - \$125M+
- Wastewater upgrades (begin 2025?) - \$100M+
- Roads - \$15M+/-

Work has already started by City & TI

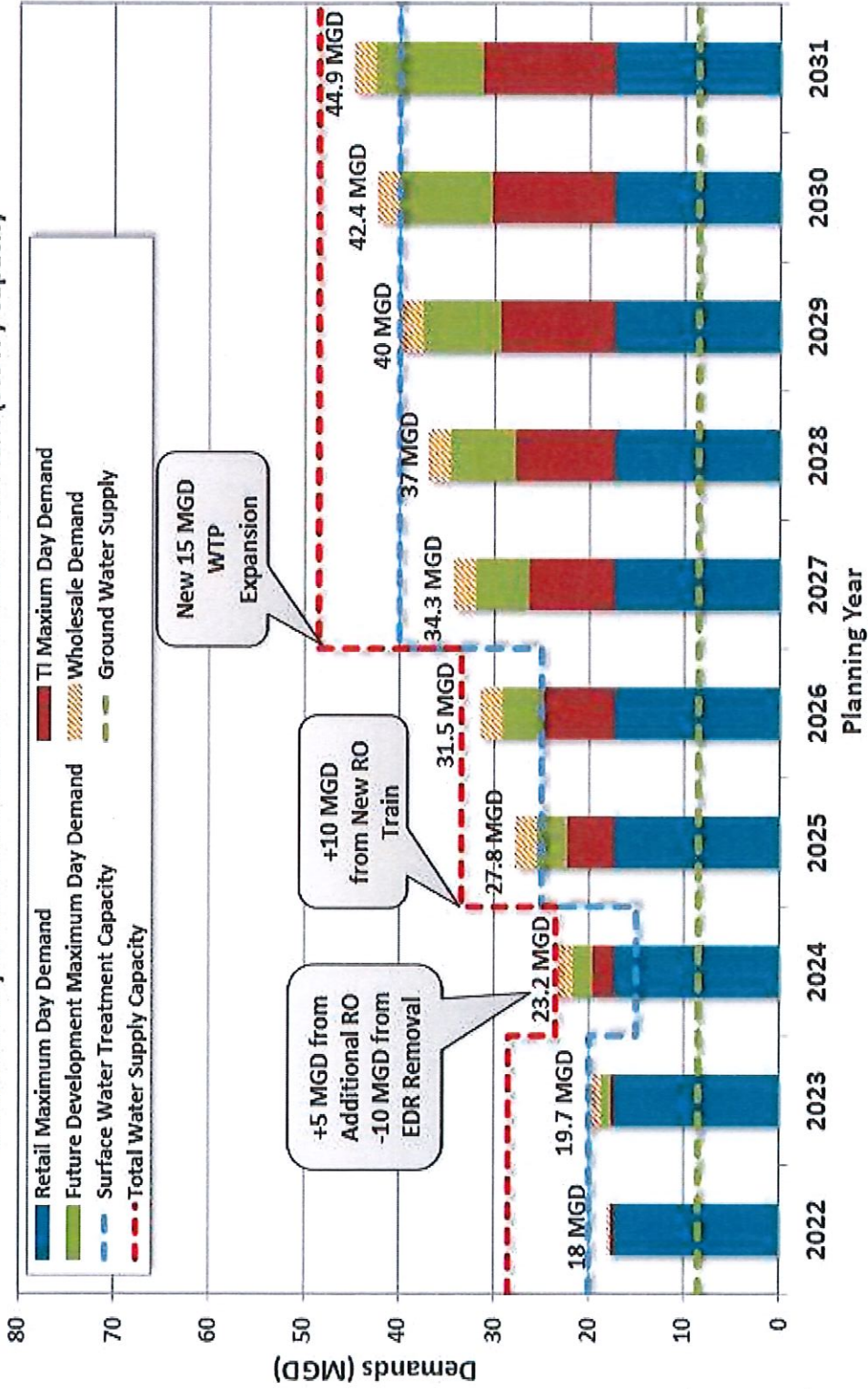
Two major pushes on timing – water first, then sewer

- FY22-25 City preparation for Phases I & II effects on water
- FY24-26 City preparation for Phases III & IV effects on water & sewer

Financial challenges in Utility Fund until TI is in production (FY25), afterwards TI increment is substantially sufficient to cover the CIP costs; staff will bring back a plan

City of Sherman Water Master Plan

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





City of Sherman
Post Oak WWTP
Average Daily Flow Projections

Sherman
CLASSIC TOWN. BROAD HORIZON.

