



**CITY OF DENISON
CITY COUNCIL MEETING
MINUTES**

Monday, March 18, 2024

Announce the presence of a quorum.

Mayor Janet Gott called the meeting to order at 6:00 p.m. Council Members present were Mayor Pro Tem Robert Crawley, Brian Hander, Michael Courtright, James Thorne, Joshua Massey and Aaron Thomas. Staff present were Interim City Manager, Bobby Atteberry, Assistant City Manager, Renee Waggoner, City Attorney, Julie Fort, and City Clerk, Christine Wallentine. Department Directors were also present.

1. INVOCATION, PLEDGE OF ALLEGIANCE AND TEXAS PLEDGE

Gene Amerson, Pastor of New Beginning Fellowship gave the invocation which was followed by the Pledge of Allegiance and Texas Pledge led by Police Chief, Mike Gudgel.

2. PROCLAMATIONS AND PRESENTATION

A. 2023 Achievement of Library Excellence Award Presentation.

Mayor Gott presented the Texas Municipal Library Directors Association Achievement of Library Excellence Award to the Denison Public Library staff present for the meeting, which consisted of the following: Greg Mitchell, Steve McGowen, Deborah Wise, Zoe May, Kimberly Parks, Karen Brymer and Carey Borgens. Mayor Gott reported that to successfully receive the Achievement of Library Excellence Award, the library must exhibit excellence by providing services to underserved and special populations, enhancing services, marketing in innovative ways, promoting cultural, topical and educational programming, providing literacy support, providing summer reading clubs, pursuing collaborative efforts, supporting workforce development, providing for digital inclusion, and comprehensively training staff. Of the 545 libraries in Texas, only 84 received this award in 2023. This is the Denison Public Library's tenth year in a row to receive this award. Mayor Gott then highlighted a few of the programs offered by the library such as the following:

- Monster Trail, which is a family friendly event at Halloween that started as a way to get people out again after Covid. It has become a major event for the library with more than 300 in attendance each year.
- The StoryWalk Programs which serve as a great collaborative outreach program in cooperation with Parks and Recreation at THF Park. There are several story and craft events each year in the great outdoors.

- The Read-to-Win Program for early literacy is phenomenal, along with their children's programs in the library. There were nearly 45,000 in attendance at the library's programs last year.

3. PUBLIC COMMENTS

Mayor Gott called for any public comments at this time and reminded those wanting to comment of the guidelines established by the City Council. Christine Wallentine, City Clerk, confirmed one Request to Speak Card was received regarding Item 6.A. under Items for Individual Consideration. Mayor Gott called Ms. Laura Fulenchek up to the podium.

Ms. Fulenchek stated she was the Lorax and speaks for the trees in Heritage Park. There are 21 trees in the park that provide air for us to breathe, and she believes they are going to be chopped down to put in astroturf. The 21 Trees provide us with a cool shade necessary to escape the treacherous inferno of the hot Texas sun. Did you know that trees not only provide us with oxygen and shade, but they also play a major role in the water cycle? According to an article by the World Economic Forum, transpiration is a well-known part of photosynthesis, where moisture is drawn up by plant roots, gathers on leaves and evaporates into the atmosphere. The sheer amount of moisture released into the atmosphere helps make it rain when there are enough trees. They pump so much moisture into the air that it changes the atmosphere triggering a shift in wind patterns that brings in the moisture from the ocean. When one chops down the trees and removes vital elements of the ecosystem, it perpetuates global warming. It would be in essence, turning our city into a desert. Even if you do not believe in climate change, global warming or El Nino, there is evidence that plastic lawns overheat in hot weather and make them unusable. They are about 20 to 30 degrees hotter than regular grass. It would be like sitting on the asphalt. Even if you feel that overconsumption of fossil fuels, and global deforestation has nothing to do with the ice caps and the glaciers melting, bleaching of the coral reefs, mass extinction of species due to the temperatures of the ocean. Even if you think that humans have no part in the temperature outside, you are going to find out one hot day in August, standing on that hot astroturf in the scorching fiery hot sun, wishing for a shade tree and praying to God to send the rain even though that's not scientifically possible with no trees and no life. So, Ms. Fulenchek begged the Council not to execute the shade trees and instead of being a part of the problem, let us be part of the solution. Let us make Denison green again and let us make summers cool again.

4. CONSENT AGENDA

- A. Receive a report, hold a discussion and take action on approving the Minutes from the Special Called City Council Meeting (Mid-Year Budget Review) held on February 23, 2024, and the Regular City Council Meeting held on March 4, 2024.
- B. Receive a report, hold a discussion, and take action on ordering for purchase a new Pierce Ladder Truck and Skeeter Brush Truck through Siddons-Martin and an Ambulance through Frazer, and authorize the Interim City Manager to execute any associated documents.
- C. Receive a report, hold a discussion, and take action on awarding a bid and entering into a contract with Brightview Landscape Services, Inc. for the 2024 Mowing and Maintenance Program (Contract Number 2024-0040) and authorize the Interim City Manager to execute the same.

- D. Receive a report, hold a discussion and take action on denying the extraterritorial jurisdiction release petition received from Ray C. Davis and Linda B. Davis for property located at Highway 69, Denison, Texas more particularly described as G-1311 Wright William A-G1311, acres 1.76 and G-1311 Wright William A-G1311, acres 0.747, GCAD Property ID Nos. 254831 and 254833.

Council Action

On motion by Mayor Pro Tem Crawley, seconded by Council Member Thorne, the City Council unanimously approved the Consent Agenda as presented.

5. PUBLIC HEARINGS

- A. Receive a report, hold a discussion, conduct a public hearing, and take action on an Ordinance to rezone a ± 32.361-acre tract of land commonly known as 2700 Texoma Drive, GCAD Property ID Nos. 109826 and 112271, from the Light Industrial (LI) District to the Heavy Industrial (HI) District to allow for a concrete products manufacturer. (Case No. 2024-008Z).

Council Action

No action taken. Mayor Gott announced this item would be pulled from the agenda as it never should have made the agenda because the applicant rescinded their application on March 12, 2024 at the Planning and Zoning Commission meeting prior to the Planning and Zoning Commission taking any action on this item.

6. ITEMS FOR INDIVIDUAL CONSIDERATION

- A. Receive a report, hold a discussion, and take action on an amendment to the Construction Manager at Risk contract with Piazza Construction for Phase 2 of the Designing Downtown Denison project for a Guaranteed Maximum Price of \$23,320,171.00, and authorize the Interim City Manager to execute all related documents.

Council Action

Ronnie Bates, Public Works Director, reminded the Council they approved the construction manager at risk, or the CMaR contract, with Piazza construction on December 12, 2022, for Phase Two of Designing Downtown Denison. This item amends the contract to include the guaranteed maximum price (GMP). The GMP for this project is \$23,321,171. Funding will be provided by the following: \$12,010,913 of the funding is coming from the property tax for downtown Denison through the Tax Increment Reinvestment Zone known as TIRZ No. 3, and \$11,309,258 will come from the Utility Capital Improvement Program Funds. Both of these funds have been budgeted for this project and the bid is within those budgeted items. City staff, Huitt-Zollars, Chris Lambka & Associates and Piazza Construction have worked together to develop construction plans for Phase Two of the D³ Project. The project will include the 300 and 400 blocks of West Main and adjacent blocks of Music and Depot Alleys, Fannin Avenue, including Heritage Park. The work will include new water lines, wastewater lines, street surfaces, sidewalks, landscape, hardscape, and more. We will continue from the first phase of the project into the next blocks for this project. Heritage Park will be redesigned with a new stage and a new building with a green room for the

performers. Along with storage, staging equipment, and a lighting and sound system. Heritage Park's new look will pay homage to the historic railroad roundhouses used during the renaissance past. Adjustments from phase one of this project will include deeper on-street parking spaces. Access to buildings and homes will be maintained and the construction schedule will allow for the 2024 Doc Holliday Festival to continue as planned. Construction is anticipated to take about 24 months with the anticipated notice to proceed being issued on April 29, 2024.

Council Member Hander asked with this being the maximum price if it could be lowered. Council Member Hander stated he was more comfortable around \$20 million instead of \$23 million and asked if there was room for value engineering before this is approved. Mr. Bates responded that staff did go through some value engineering with the first round of submittals where all the bids came in about \$1.8 million higher, which was more than what is budgeted. So, we went back to the drawing board, met with the engineers and the CMAr contractor and did some value engineering and got the price down \$1.8 million. If you change it anymore, it is going to change the actual look and expectation of what everybody has already seen in the plans. Council Member Hander said he wondered what the general population may think when the replica train is priced at \$260,000, which is a big chunk, when there are trains down at the depot that men and women from Denison built. Council Member Hander said this was his fear and felt we may need to look at some of the design choices and is not sure if this is the time to do this now, or if it is done after the contract is approved, or if the contract is approved now if that means this will all happen no matter what. Mr. Bates responded that with the CMAr project you are able to adjust things as we go to some degree. Council Member Hander also said he knows there is an issue with using either turf or grass, and while the plan says turf, this does not necessarily mean we are going with this. Mr. Bates responded that what they have done is take the higher cost of the two and put that into the budget and the selection of turf or grass will be discussed at a later time, but we have the funds in there for whichever way we go.

Mayor Gott added that Phase One cost \$19 million and the bulk of the increase for Phase Two is that construction materials are up more than 20%. This price also includes Heritage Park. So, there has been a lot of work done to bring the price down and maintain the integrity of the design.

Council Member Massey added that he is in construction and does no risk contracts for his clients around the country. With the inflation rates right now, our duration of the contract is very narrow because of what we are seeking going out and the unknowns that come back. So, the fact that we have somebody we can lock in for a 24 month look forward is really pretty excellent at this point. Council Member Massey added he has general contractors he cannot hire anymore, and the insurance companies are not willing to back or fund even on a bond basis. We are looking at about a 23% increase in materials and stuff from Phase One, and at 3% unemployment, the labor costs are expected to go up similarly.

There was no further discussion or questions from the Council.

On motion by Mayor Pro Tem Crawley, seconded by Council Member Courtright, the City Council unanimously approved the Construction Manager at Risk contract with Piazza Construction for Phase 2 of the Designing Downtown Denison project for a Guaranteed Maximum Price of \$23,320,171.00, and authorized the Interim City Manager to execute all related documents.

- B. Receive a report, hold a discussion and take action on the 2022-2023 Annual Comprehensive Financial Report presented by BrooksWatson & Co.

Council Action

Laurie Alsabbagh, Finance Director, reported that each fiscal year an independent audit is required by state statute for municipalities in Texas. The City of Denison has just completed its FY2023 annual audit. It is also referred to as the ACFR, which is an acronym for Annual Comprehensive Financial Report. Lewis Breedlove, Senior Audit Manager with BrooksWatson & Co., is here this evening to present the audit and answer any questions the Council may have. Ms. Alsabbagh then introduced Mr. Breedlove.

Mr. Breedlove came forward and introduced himself to the Council and stated he had the pleasure of working with the City of Denison for the FY2023 annual audit. Mr. Breedlove then began his presentation. First, he provided a high-level view of the audit phases, with the first phase being the assessment phase where they come in, sit down with each department, anywhere where money is coming in and going out, and evaluate the processes that are in place. They get a walkthrough of the processes as well as reviewing and reading through each documented process or policy manual that may exist for a specific department. Once this has been done, they conduct sample testing over each of those areas to ensure that what they have seen in the walk through is consistent with what is done in practice. If they see any areas for potential improvement, efficiency issues, or anything like that, they will bring this to management's attention at that time. Mr. Breedlove was happy to announce the City has quite an extensive process where there are several layers of controls and a segregation of duties. So, they were very pleased with where the City is in this regard and there were no recommendations made over this. Next, they move into their risk-based approach, where each financial statement line item within the financial statements has a different type of risk, and they evaluate these annually because they can change from year to year. This will dictate and drive what type of procedures they perform over each of these areas, what level of detail needs to be performed, and whether they are comfortable with the material accuracy of the City's financials. When the audit is completed, then they do what is called compliance testing. This includes things like bid requirements, grant requirements, etc. They read all Council meeting minutes. So, if the Council approves something during a meeting that has a compliance component, they are looking to see if there is compliance with that, and the Public Fund Investment Act, things of this nature. Next, they conduct actual field work. After the year end books have been closed, they start testing the balance sheets and income statements. They confirm with a third party wherever possible and perform QA procedures to ensure that everything that is supposed to be in the fiscal year is there. As they are testing, tying out the balance sheet, they are also testing the accuracy of the City's revenues and expenditures. Once they have done all the testing procedures, they move into the conclusion reporting phase. So, it goes through multiple layers of review to ensure there is no additional procedures necessary. Mr. Breedlove then went over some of the highlights of the audit report, starting with the introductory section which has the transmittal letter and other information related to the City. Then there is the auditor's opinion letter, which is the auditor's opinion over the financials, the management's discussion and analysis, which gives some year-to-year comparisons as well as some additional highlights over high level areas such as capital, budget, debt, things of this nature. As it relates to the first item under the financial section, the auditor's opinion letter, there are four opinion types they as auditors are able to issue;

unmodified, qualified, disclaimer or an adverse opinion. The City did receive an unmodified opinion, often referred to as a clean opinion. This is the highest level of assurance that the auditors are able to provide. Mr. Breedlove also pointed out that the City did receive the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association, which is an award received by cities who go above and beyond in the level of reporting that is done to ensure the citizens are able to see a level of transparency otherwise not done. Mr. Breedlove expects the City to win it again.

Mr. Breedlove went over a few of the financial highlights. In comparing year to year overall of the net position city wide, this has gone up by \$7.9 million, primarily due to the significant growth in infrastructure that we see. This has been consistent year to year in looking at the overall governmental fund balances. Mr. Breedlove provided a breakdown for the increase over General Fund, the restricted portion and unassigned portion fund balance. Overall, there was an increase in fund balance of \$2.5 million. This is primarily due to revenue coming in better than expected and then also staying under budget on various departmental expenses. Next, looking at the budget, and about fund balance for the General Fund, specifically, the City did have an unassigned fund balance of 29% of unassigned expenses or general fund expenses for the year. So, we are looking at the fund balance to see how far the City would be able to operate in the next year, assuming expenses were consistent throughout the year compared to this past year, and no additional funds were received. The City does have a goal of between 60 and 90 days, or between 16% and 25%. So, the City's policy is being met here. Budget revenues did come in over expectations by about \$2.7 million, and expenditures came in under budget by \$4.3 million. Other sources of revenue such as capital contributions, transfers, things of that nature had an overall positive variance of \$44,000. All in all, the City had a net positive Budget Variance of \$7.1 million. Mr. Breedlove stated the audit was conducted in compliance with all ethics requirements regarding independence, they encountered no difficulty when working with management and there were no uncorrected misstatements identified.

There was no discussion or questions from the Council.


On motion by Mayor Pro Tem Crawley, seconded by Council Member Thorne, the City Council unanimously accepted the 2022-2023 Annual Comprehensive Financial Report presented by BrooksWatson & Co.

There being no further business to come before the Council, the meeting was adjourned at 6:30 p.m.



JANET GOTT, Mayor

ATTEST:


Christine Wallentine, City Clerk