

# AGENDA

## NOTICE OF MEETING

Notice is hereby given that the governing body of the City of Canyon will meet at 5:30 p.m. on the 25th day of July 2016, in the Commission Chambers of City Hall at 301 16th Street in the City of Canyon to discuss the following agenda items:

1. Call to Order.
2. Invocation.
3. Pledge of Allegiance.
4. Approval of the Minutes of the Special Meeting of June 30, 2016.
5. Approval of the Minutes of the Meeting of July 11, 2016.
6. Public Comment – Comments from Interested Citizens.
7. Consider and Take Appropriate Action on Quarterly Finance Report by Finance Director Chris Sharp.
8. Consider and Take Appropriate Action on Quarterly Investment Report by Finance Director Chris Sharp.
9. Consider and Take Appropriate Action on Resolution No. 12-2016 Awarding City of Canyon's Depository Bank Contract.
10. Consider and Take Appropriate Action on Review of Public Comments and Possible Goals to be Set.
11. Budget Work Session.
12. Consider and Take Appropriate Action on Taking Record Vote on Proposed Tax Rate, and Adopt Budget Calendar Setting Dates for Public Hearing.
13. Executive Session Pursuant to Texas Government Code §551.071 Consultation with Attorney, §551.072 Real Property, §551.087 Economic Development Negotiations, and §551.074 Personnel (Canyon Economic Development Corporation Board of Directors).
14. Consider and Take Appropriate Action on Items Discussed in Executive Session.
15. Adjournment.

  
Randy Criswell, City Manager

I certify that the above Notice of Meeting was posted on the bulletin board of the Civic Complex of the City of Canyon, Texas on the 22nd day of July 2016.

  
Gretchen Mercer, City Clerk

The City Commission of the City of Canyon met in special session at 1:30 p.m. in the Adobe Room of the Cole Community Center at 300 16th Street, Canyon, Texas. Mayor Alexander presided over the meeting with the following Commissioners in attendance Mayor Pro-Tem Gary Hinders, Justin Richardson David Logan and Joe Shehan.

Also present were the following City Staff: City Manager Randy Criswell, Assistant City Manager Chris Sharp, Assistant City Manager for Special Projects Jon Behrens, Director of Code Enforcement Danny Cornelius, and Director of Public Works Dan Reese.

Item 1. Call to Order.

Mayor Alexander called the meeting to order at 1:35 p.m.

Item 2. Invocation.

Commission Richardson gave the invocation.

Item 3. Pledge of Allegiance.

The Pledge of Allegiance was led by Code Enforcement Director Danny Cornelius.

Item 4. Public Comments – Comments from Interested Citizens.

No Public Comments were made.

Item 5. Consider and Take Appropriate Action on Comments Received from Public Through Recently Conducted Public Meetings and Surveys.

Assistant City Manager for Special Projects Jon Behrens presented information compiled from Public Meetings and Surveys recently conducted. Discussion was held on the results and possible goals taken from the public meetings and survey results. No official action was taken, and staff will bring this up on a future agenda.

Item 6. Adjournment.

There being no further business, Mayor Pro-Tem Hinders moved this meeting be adjourned.

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Quinn Alexander, Mayor

ATTEST:

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Gretchen Mercer, City Secretary

The City Commission of the City of Canyon met in regular session at 12:00 p.m. in the City Commission Chambers of the Civic Complex. Mayor Alexander presided over the meeting with the following Commissioners in attendance Mayor Pro-Tem Gary Hinders, Joseph Shehan, and Justin Richardson. Commissioner David Logan was unable to attend.

Also present were the following City Staff: City Manager Randy Criswell, Assistant City Manager Chris Sharp, City Secretary Gretchen Mercer, Director of Code Enforcement Danny Cornelius, Public Works Director Dan Reese, Business and Community Development Director Evelyn Ecker, Chief of Police Dale Davis, Librarian Sandra Munger, Golf Course Manager John Haun, Fire Chief Mike Webb, Parks and Recreation Director Brian Noel and City Attorney Chuck Hester.

Item 1. Call to Order.

Mayor Alexander called the meeting to order at 12:08 p.m.

Item 2. Invocation.

Commissioner Richardson gave the invocation.

Item 3. Pledge of Allegiance.

The Pledge of Allegiance was led by Librarian Sandra Munger.

Item 4. Approval of Minutes of the Meeting of June 20, 2016.

Commissioner Shehan moved, duly seconded by Commissioner Richardson, to approve the minutes of June 20, 2016 as presented. Motion carried unanimously.

Item 5. Public Comment– Comments from Interested Citizens.

No Public Comment was made.

Item 6. Budget Presentation and Work Session.

City Manager Randy Criswell presented the proposed City of Canyon Budget for Fiscal Year 2016-2017 with a power point presentation highlighting major changes and requests by various departments. City of Canyon Department Heads were present to answer any questions.

Item 7. Consider and Take Appropriate Action on Second and Final Reading of Resolution No. 10-2016 for the Purchase of Property Located at 502 15th St. Owned by Read Automotive.

Business and Community Development Director Evelyn Ecker presented Resolution No. 10-2016 for its final reading. The Canyon Economic Development Corporation voted to enter into a contract for the purchase of the property located at 502 16th Street from the Paul Read Trust at their May 12, 2016 meeting for \$150,000. The proposed closing date is on or before July 27,

2016. The Canyon Economic Development Corporation purchased the property for the purpose of new business development.

After discussion, Mayor Pro-Tem Hinders moved, duly seconded by Commissioner Richardson to adopt Resolution No. 10-2016 as presented. Motion carried unanimously.

RESOLUTION NO. 10-2016  
RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CANYON  
APPROVING THE PURCHASE OF PROPERTY CONSISTING OF LOTS 1, 2,  
AND 3, BLOCK 49, ORIGINAL TOWN OF CANYON, RANDALL COUNTY,  
TEXAS, BY THE CANYON ECONOMIC DEVELOPMENT CORPORATION.

- Item 8. Consider and Take Appropriate Action on Second and Final Reading of Resolution No. 11-2016 With Regards to Direct Financial Assistance for New Business, Panhandle Tap Room.

Business and Community Development Director Evelyn Ecker presented Resolution No. 11-2016 for its final reading. The Canyon Economic Development Corporation voted to offer direct financial assistance to the Panhandle Taproom LLC located at 410 15th Street, Canyon, Texas at their meeting May 12, 2016. The Panhandle Taproom is set to open mid to late August and will employ approximately 10 full-time and 15 part-time employees. A maximum of \$46,000 would be reimbursed for lease assistance with 50% in the first 12 months, not to exceed \$23,000; 30% the second year, not to exceed \$13,000; and the final year would be reimbursed 20% not to exceed \$9,200, all paid in arrears.

After discussion, Commissioner Richardson moved, duly seconded by Mayor Pro Tem Hinders to adopt Resolution No. 11-2016 as presented. Motion carried unanimously.

RESOLUTION NO. 11-2016  
RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CANYON  
APPROVING PROJECT FUNDING AGREEMENT BETWEEN PANHANDLE  
TAPROOM LLC. AND CANYON ECONOMIC DEVELOPMENT  
CORPORATION REGARDING DIRECT FINANCIAL ASSISTANCE FOR A  
PROJECT LOCATED AT 410 15TH STREET, CANYON, TEXAS. THE  
FUNDING IS BASED ON NEW BUSINESS DEVELOPMENT.

- Item 9. Consider and Take Appropriate Action on Bids Received for Water Distribution System Improvements – 12” Water Line in Brown Road from 4th Avenue to U.S. Highway 60 – EDA Project #08-01-0539.

Director of Public Works Dan Reese presented bids received for Water Distribution System Improvements to meet water needs for the development and construction of the Lone Star Dairy Products facility. Mr. Reese said 6 bids were received and opened Tuesday, July 5, 2016. Mr. Reese stated the project estimate for construction was \$234,000.00 and a low bid of \$109,175.00 was received from Scott Wampler Construction. Mr. Reese said the City of Canyon has worked with Scott Wampler before and were confident the city would receive a quality job.

City Commission Meeting

July 11, 2016

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Bid Tabulation Sheet

Water Distribution System Improvements

12" Water Line in Brown Road from 4th Ave

To U.S. Highway 60

Canyon, Texas

July 5, 2016

Project to be completed on or before October 28, 2016

Scott Wampler Construction	\$109,175.00
West Texas Utility Contractors	\$117,972.00
Amarillo Utility Contractors	\$122,840.00
MH Civil Construction	\$155,622.00
L.A. Fuller & Sons	\$160,946.00
J & H Services	\$163,120.00

Mr. Reese said staff agreed with the City Engineer and recommended awarding the bid to Scott Wampler Construction in the amount of \$109,175.00.

After discussion, Mayor Pro-Tem Hinders moved, duly seconded by Commissioner Shehan to award the bid for Water Distribution System Improvements 12" water line in Brown Road from 4th Avenue to U.S. Hwy 60 to Scott Wampler Construction with a bid amount of \$109,175.00. Motion carried unanimously.

Item 10. Executive Session Pursuant to Texas Government Code, §551.071 Consultation with Attorney; and §551.072 Real Property.

Mayor Alexander indicated the Commission would adjourn into executive session at 4:01 pm.

Item 11. Consider and Take Appropriate Action on Items Discussed in Executive Session.

Upon returning from executive session at 5:46 pm, no action was taken.

Item 12. Adjournment

There being no further business, Mayor Pro-Tem Hinders moved this meeting be adjourned.

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Quinn Alexander, Mayor

ATTEST:

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Gretchen Mercer, City Secretary

**REGARDING ITEM 7****AGENDA**

TO: Randy Criswell, City Manager

FROM: Chris Sharp, Assistant City Manager

DATE: July 20, 2016

SUBJECT: Consider and Take Appropriate Action on Quarterly Finance Report by Finance Director Chris Sharp.

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A summary of all deposits for the City of Canyon as of June 30, 2016 are submitted. All funds are deposited with the City's depository bank, Happy State Bank. Also included, is a summary of the City's major funds and where they stand as of the same date.

Total deposits needing security pledge, including checking accounts are \$ 2,974,534. Total securities pledged by Happy State Bank including the FDIC insurance is \$ 7,268,402.

This report is to comply with legislation requiring periodic reports to be made to the governing body for approval.

**RECOMMENDED ACTION**

Approval of the Quarterly Finance Report for the Quarter Ending June 30, 2016.

**City of Canyon**

**QUARTERLY FINANCE REPORT**

Quarter ending:

**03/31/16**

**06/30/2016**

Interest Rate

EMERGENCY MANAGEMENT	0.02	\$ 63,811.46	\$ 61,354.32
LIBRARY GIFT & MEMORIAL	0.02	\$ 4,188.38	\$ 4,999.39
GENERAL FUND DEMAND ACCT	0.02	\$ 932,080.71	\$ 424,043.18
WW/SS FUND DEMAND ACCT.	0.33	\$ 1,385,581.24	\$ 1,474,770.98
BCD	0.02	\$ 89,562.00	\$ 30,968.84
LEOSE	0.02	\$ 12,998.54	\$ 13,000.36
C.E.D.C (ECONOMIC DEVELOPMEN	0.02	\$ 350,640.31	\$ 273,642.53
C.E.D.C. MARKETING ACCOUNT	0.02	\$ 101,125.34	\$ 106,566.77
EMPLOYEES FLOWER FUND	0.02	\$ 1,504.50	\$ 2,083.14
D-FI-IT PROGRAM	0.02	\$ 4,594.75	\$ 4,595.40
Palo Duro Golf Administration	0.02	\$ 286,318.63	\$ 197,509.92
Capital Equipment Account	0.33	\$ 195,514.52	\$ 381,000.04

CHECKING / SAVINGS ACCOUNTS BALANCES		\$ 3,427,920.38	\$ 2,974,534.87
TOTAL FUNDS FOR SECURITY PLEDGES		\$ 3,427,920.38	\$ 2,974,534.87
WW/SS Utility Insured Cash Sweep Account (CDARS)	Interest 0.33	\$ 2,906,862.06	\$ 2,909,434.53
TOTAL AMOUNT OF FUNDS IN BANK		\$ 6,334,782.44	\$ 5,883,969.40

**SECURITIES PLEDGED**

HAPPY STATE BANK

RECEIPT NUMBER	DATE MATURED	DESC.	AMOUNT	MARKET VALUE
3137ASNJ9	03/25/2022	FHMS	\$1,609,823.88	\$1,615,149.76
169412QN6	08/15/2027	China Spring ISD	\$1,058,152.38	\$1,029,276.10
552410ER9	08/15/1930	Lytle TX ISD	\$569,776.20	\$596,508.45
667825YM9	02/15/1932	Northwest TX ISD	\$1,059,009.05	\$1,112,358.80
8821172L7	07/01/1931	TX A&M UNV Func	\$1,222,959.19	\$1,246,860.00
31394FB87	05/25/1933	FNR	\$1,432,458.53	\$1,418,249.86
		FDIC INSURANCE	\$100,000.00	\$250,000.00
<b>Total Security Pledges</b>			<b>\$7,052,179.23</b>	<b>\$7,268,402.97</b>

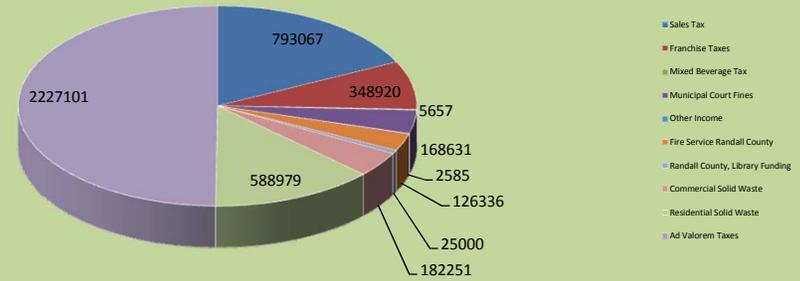
Total Outstanding debt from 2012 issued CO's and 2013 refunded CO's \$17,001,988

Summary of funds spent outside of budget: EDA Grant Match \$ 560,000.00

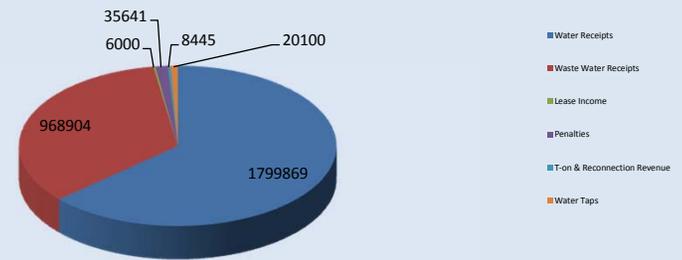
## Summary of Month Ending June 2016

Major Revenues	06/30/2016	Budgeted Amount	Percentage to Budget 75%
<b>General Fund</b>			
Sales Tax	\$ 1,578,998.00	\$ 1,900,000.00	83.11%
Franchise Taxes	\$ 485,495.00	\$ 690,000.00	70.36%
Mixed Beverage Tax	\$ 5,470.00	\$ 11,000.00	49.73%
Municipal Court Fines	\$ 205,657.00	\$ 320,000.00	64.27%
Other Income	\$ 41,731.00	\$ 40,000.00	104.33%
Fire Service Randall County			
County	\$ 201,722.00	\$ 239,416.00	84.26%
Randall County, Library Funding			
	\$ 37,500.00	\$ 50,000.00	75.00%
Commercial Solid Waste	\$ 278,544.00	\$ 348,500.00	79.93%
Residential Solid Waste	\$ 895,865.00	\$ 1,115,400.00	80.32%
Ad Valorem Taxes	\$ 2,275,544.00	\$ 2,340,000.00	97.25%
<b>Total General Fund Revenues</b>	<b>\$ 6,541,476.00</b>	<b>\$ 8,711,212.00</b>	<b>75.09%</b>
<b>Total General Fund Expenses</b>	<b>\$ 6,078,100.00</b>	<b>\$ 8,711,212.00</b>	<b>69.77%</b>
<b>Utility Fund</b>			
Water Receipts	\$ 3,002,555.00	\$ 4,095,000.00	73.32%
Waste Water Receipts	\$ 1,696,283.00	\$ 2,420,000.00	70.09%
Lease Income	\$ 54,003.00	\$ 54,003.00	100.00%
Penalties	\$ 61,817.00	\$ 60,000.00	103.03%
T-on & Reconnection Revenue	\$ 19,610.00	\$ 18,000.00	108.94%
Water Taps	\$ 35,435.00	\$ 30,000.00	118.12%
<b>Total Utility Fund Revenues</b>	<b>\$ 4,927,235.00</b>	<b>\$ 6,735,503.00</b>	<b>73.15%</b>
<b>Total Utility Fund Expenses</b>	<b>\$ 3,665,011.00</b>	<b>\$ 6,735,503.00</b>	<b>54.41%</b>

### Summary of Revenues General Fund



### Summary of Revenues Utility Fund



### Palo Duro Creek Golf

Course		Budgeted Amount	Percentage to Budget
Revenues to Date	\$526,436.00	\$1,152,554.00	45.68%
Exenditures to Date	\$925,517.00	\$1,152,554.00	80.30%

**CITY OF CANYON  
SALES TAX COLLECTION HISTORY  
FISCAL YEAR 2015-2016**

MONTH	2013-2014 COLLECTIONS	2014-2015 COLLECTIONS	% INCREASE/ DECREASE 14-15 OVER 13-14	2015-2016 COLLECTIONS	% INCREASE/ DECREASE 15-16 OVER 14-15	2015-2016 YEAR-TO-DATE COLLECTIONS	TOTAL YEAR-TO-DATE TAXABLE SALES **
OCTOBER	\$188,929	\$223,456	18.28%	\$239,346	7.11%	\$239,346	\$15,956,400
NOVEMBER	\$225,885	\$216,081	-4.34%	\$256,488	18.70%	\$495,834	\$33,055,600
DECEMBER	\$292,194	\$185,766	-36.42%	\$266,745	43.59%	\$762,579	\$50,838,600
JANUARY	\$184,408	\$214,709	16.43%	\$208,797	-2.75%	\$971,376	\$64,758,400
FEBRUARY	\$242,684	\$217,411	-10.41%	\$261,746	20.39%	\$1,233,122	\$82,208,133
MARCH	\$182,850	\$177,351	-3.01%	\$247,382	39.49%	\$1,480,504	\$98,700,267
APRIL	\$169,113	\$226,391	33.87%	\$182,646	-19.32%	\$1,663,150	\$110,876,667
MAY	\$215,922	\$249,330	15.47%	\$253,438	1.65%	\$1,916,588	\$127,772,533
JUNE	\$173,509	\$193,998	11.81%		-100.00%	\$1,916,588	\$127,772,533
JULY	\$164,186	\$187,474	14.18%		-100.00%	\$1,916,588	\$127,772,533
AUGUST	\$204,038	\$247,697	21.40%		-100.00%	\$1,916,588	\$127,772,533
SEPTEMBER	\$185,479	\$202,362	9.10%		-100.00%	\$1,916,588	\$127,772,533
TOTALS	\$2,429,197	\$2,542,026		\$1,916,588			

TO: Randy Criswell, City Manager

FROM: Chris Sharp, Assistant City Manager

DATE: July 20, 2016

SUBJECT: Consider and Take Appropriate Action on Quarterly Investment Report by Finance Director Chris Sharp.

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A summary of all investments for the City of Canyon as of June 30, 2016 are submitted as an attachment to this agenda item. All funds are invested with the City's depository bank, Happy State Bank.

Total amount of investments for the City is \$3,020,378. These funds have been invested in the CDARS program and in CDs through Happy State Bank. The Canyon EDC also has investments in the CDARS program in the amount of \$174,590. The City's 2012 certificates of obligation funds have been invested into a CDARS investment account and has a balance of \$2,910,757. Total funds on hand, which includes funds in depository accounts as well as funds in investments total \$8,904,347.

This report is to comply with legislation requiring periodic reports to be made to the governing body for approval.

### **RECOMMENDED ACTION**

Approval of the Quarterly Investment Report for the Quarter Ending June 30, 2016.

**QUARTERLY INVESTMENT REPORT**

Quarter ending:

			03/31/2016	06/30/2016	
CERTIFICATE OF DEPOSITS:		Interest Rate			Interest earned for quarter
CD#		Interest Rate			
	6611 CEDC CD	0.24969	\$ 57,370.61	\$ 57,437.00	\$ 66.39
	6646 CEDC CD	0.24969	\$ 58,491.93	\$ 58,561.00	\$ 69.07
	14897 CEDC CD	0.05	\$ 58,525.15	\$ 58,592.00	\$ 66.85
CDARS CERTIFICATES OF DEPOSIT			\$ 174,387.69	\$ 174,590.00	
	14674 GENERAL FUND CD	0.57%	\$ 249,511.17	\$ 249,803.19	\$ 292.02
	15076 GENERAL FUND CD	0.57%	\$ 149,110.74	\$ 149,205.53	\$ 94.79
	14895 GENERAL FUND CD	0.57%	\$ 506,196.32	\$ 506,769.35	\$ 573.03
	6718 GENERAL FUND CD	0.57%	\$ 148,860.48	\$ 149,034.71	\$ 174.23
	14970 GENERAL FUND CD	0.57%	\$ 150,576.24	\$ 150,739.87	\$ 163.63
	9952 GENERAL FUND CD	0.57%	\$ 614,015.19	\$ 614,256.91	\$ 241.72
	14675 WW/SS FUND CD	0.57%	\$ 596,910.56	\$ 597,609.18	\$ 698.62
	14971 WW/SS FUND CD	0.57%	\$ 602,305.24	\$ 602,959.78	\$ 654.54
TOTAL AMOUNT IN CDARS			\$3,017,485.94	\$ 3,020,378.52	
TOTAL AMOUNT OF FUNDS IN BANK			\$6,955,868.75	\$ 5,883,969.40	
TOTAL FUNDS ON HAND			\$9,973,354.69	\$ 8,904,347.92	
2012 Certificates of Obligations		(Invested in CDARS account) .33%	\$ 5,831,392.69	\$ 2,910,757.14	\$ 7,493.34

To: Randy Criswell, City Manager  
From: Chris Sharp, Assistant City Manager  
Date: July 19, 2016  
Re: Consider and Take Appropriate Action on Resolution No. 12-2016 Awarding City of Canyon's Depository Bank Contract

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It is time for the City to review and award a two year contract (with three one-year extensions option) to a bank for depository services. With the help of Valley View Consulting, the City sent out requests for proposals for depository services. We received 3 proposals and a recap analysis is included in this packet. The 3 responses to the proposals are broken out for a side by side comparison. Also included in the analysis is a recommendation from Valley View Consulting.

**After careful consideration and analysis, it is staff's recommendation that the Commission adopt Resolution No. 12-2016 authorizing the City Manager to enter into negotiations with Happy State Bank for a two year contract with an option for three one-year extensions to Happy State Bank.**



July 19, 2016

Mr. Chris Sharp  
Assistant City Manager  
City of Canyon  
301 16<sup>th</sup> Street  
Canyon, TX 79015

Dear Mr. Sharp:

We sincerely appreciate our new relationship and welcome the opportunity to assist the City of Canyon (the “City”) with this Primary Depository Bank Services Request for Applications (the “RFA”) project.

The objective of this engagement was to select a primary depository bank following the expiration of the current contract which ends August 31, 2016. This agreement, when approved, will commence on September 1, 2016 and terminate on August 31, 2018 with three additional one-year extension options which will extend through August 31, 2021 if executed.

### **Procedure**

The project began with the establishment of a calendar of events to ensure that the required project steps were performed in a timely and sequential manner.

The process for selecting a Primary Depository Bank is governed by the State of Texas Local Government Codes: Chapter 105 Municipal Depository Act; Chapter 176 Conflict of Interest Act; Chapter 2256 Public Funds Investment Act; and Chapter 2257 Public Funds Collateral Act.

In addition to complying with these State statutory requirements, it was necessary to understand and comply with the City’s financial and purchasing policies and Investment Policy.

The RFA project was conducted as follows:

1. Analyzed historical bank service usage and balance records.
2. Reviewed the minimum banking services and potential additional services.
3. Developed a list of eligible financial institutions within the City’s service area parameters:
  - a. Amarillo National Bank
  - b. Education Credit Union

- c. First United Bank
  - d. Happy State Bank (Incumbent)
  - e. Peoples Federal Credit Union
  - f. Wells Fargo Bank
4. Contacted the financial institutions to confirm distribution information, describe the process, and identify the designated recipient.
  5. Drafted the RFA for City review and approval.
  6. Posted the notice and advertised as required.
  7. Distributed RFAs to the identified and receptive financial institutions.
  8. Held a non-mandatory pre-application conference that was attended by representatives of:
    - a. Amarillo National Bank
    - b. Happy State Bank (Incumbent)
  9. No additional RFA requests were received as a result of the advertisement.
  10. By the closing deadline, applications were received from:
    - a. Amarillo National Bank (“ANB”)
    - b. First United Bank (“FUB”)
    - c. Happy State Bank (Incumbent) (“HSB”)

The evaluation of the applications was based on, but not limited to, the following criteria, in no particular order of priority:

1. Ability to perform and provide the required and requested services,
2. References provided and quality of services,
3. Cost of services,
4. Transition cost, retention and transition offers and incentives,
5. Funds availability,
6. Interest paid on interest bearing accounts and deposits,
7. Earnings credit calculation on compensating balances,
8. Completeness of application and agreement to points in the RFA,
9. Convenience of locations,
10. Previous service relationship with the City, and
11. Financial strength and stability of the institution.

### **Application Analysis**

The analysis began with an overall review of each bank’s general financial strength and ability to provide the bank services necessary to meet the City’s current and future service needs. Each of the responding banks exhibited acceptable financial strength and the ability to provide the services that the City requested.

**Net Income/(Cost)**

Each bank’s fee schedule was analyzed based on the City’s banking service needs and estimated activity levels. Where quantifiable and appropriate, the estimated service fees were adjusted for any incentives (including waived fees, supplies and check scanners). No incentives were offered.

The average operating balances that the City has maintained over the last year has been approximately \$3,800,000. Each bank proposed a no fee structure which highlights the competitive nature of the process. The estimated five-year financial impact of the hard interest income on the overall proposals submitted by the three banks is summarized below:

<b>5 - Year Term</b>	<b>Happy State Bank (Incumbent)</b>	<b>First United Bank</b>	<b>Amarillo National Bank</b>
Proposed Fees	\$0	\$0	\$0
Interest Earnings	47,500	66,500	66,500
Net Income/(Cost)	\$47,500	\$66,500	\$66,500

Due to the tight spread between the original proposals, each bank was invited to submit a “best and final offer.” Happy State responded with no change. ANB increased their floor interest rate from 0.30% to 0.35%, and requested that the City maintain approximately \$3,000,000 at ANB while granting ANB the “right of first refusal” on other balances. FUB simply clarified that they would place no restrictions on the City’s right to invest balances at other institutions when appropriate.

The interest rate offered by HSB on their regular interest bearing account is 50% of the Federal Funds Target Rate with no floor rate proposed (current rate estimated at 0.25%). It should be noted that HSB's proposal requires the City keep all of its balances at the Bank or in a local government investment pool (e.g. TexPool, LOGIC). This provision does restrict the City’s ability to manage its investable cash balances, and could have a significant impact over the five-year term of the agreement.

The interest rate offered by FUB is indexed to the 13 Week T-bill Rate + 0.10% with no floor rate proposed (current rate estimated at 0.35%). This rate will vary monthly. If rates rise significantly during the five-year contract period, historical relationships suggest the 13 Week T-bill Rate + 0.10% will exceed 50% of the Fed Funds Target rate (for example, with 2.00% short term rates T-bills + 0.10% should yield over 2.00%, while 50% of the Fed Funds Target Rate would only equate to 1.00%). It should be noted that FUB did not offer security clearance and safekeeping.

The interest rate offered by ANB is indexed to the 1-month T-bill Rate + 0.10% with a floor of 0.35% (current rate estimated at 0.28%; floor rate of 0.35% would apply). This rate will vary monthly. If rates rise significantly during the five-year contract period, historical relationships suggest the 1-month T-bill Rate + 0.10% will exceed 50% of the Fed Funds Target rate (for example, with 2.00% short term rates T-bills + 0.10% should yield over 2.00%, while 50% of the Fed Funds Target Rate would only equate to 1.00%).

### **Considerations**

HSB has been a good business partner for over 20 years. As the incumbent, they have demonstrated the ability to perform all of the services the City requires. They have proposed a reasonable financial arrangement, with the exception of limiting outside investment to local government investment pools. Awarding the contract to HSB would also avoid the inconvenience and costs associated with a bank transition. Transition “hassle factors” and hard costs are difficult to project, but \$10,000 to \$20,000 could be a reasonable estimate.

The modest ANB and FUB interest advantage of the main operating accounts slightly offsets the potential transition costs. However, if interest rates rise over the full five-year term, the earnings difference from HSB will widen. If that occurs, the two-year initial contract term will allow the City to re-consider its selection, but may require another full RFA for banking services.

Additionally, the HSB “All-Or-None” handicap prevents the City from diversifying and enhancing the investment portfolio with non-HSB alternatives. The RFA analysis focused on the \$3,800,000 historically maintained in the main operating accounts. The City also holds approximately \$8,000,000 in other balances. Currently those balances utilize the HSB Insured Cash Sweep (“ICS”) option. That current yield is approximately 0.55% and subject to change with market movements. Other non-HSB options (including Money Market Accounts and Certificates of Deposit) currently range between 0.60% and 1.05%. The potential added income from non-HSB alternatives could further offset transition issues or costs.

Based on our analysis and discussion with City staff, we concur with the staff recommendation that the City Commission conditionally award the primary depository bank services contract to HSB, and authorize the City Manager to negotiate and execute the agreements most advantageous to the City necessary to establishing a mutually beneficial banking relationship.

We would further recommend that, should an acceptable agreement with HSB not be reached, the City Commission concurrently authorize the City Manager to negotiate the most advantageous agreement with either ANB or FUB, both of which submitted attractive proposals that will meet the needs of the City.

Upon approval, the new contract will commence on September 1, 2016.

Please contact E.K., Dick or me to discuss any questions or additional information needs. Thank you for this opportunity to serve the City.

Sincerely,



T. H. Ross  
Valley View Consulting, L.L.C.

Attachments

# City of Canyon, Texas Bank RFA Analysis



June 10, 2016	Happy State Bank (Incumbent)	Amarillo National Bank	First United Bank
<b>FEE ANALYSIS OF BANK DEPOSITORY SERVICES</b>			
<b>Best &amp; Final Offer</b>	No Change	Increased floor interest rate from 0.30% to 0.35%; Requests 80% deposits be maintained at ANB with a right of first refusal on the remaining 20% before being moved.	Clarified - No limits to outside deposits.
<b>Proposed Fees</b>			
Monthly Fee Estimate	0	0	0
Monthly Estimated Assessment Fee	0	0	0
Monthly Estimated Safekeeping Fee	0	0	0
Fees for Two Year Term	0	0	0
Fees for Five Year Term	0	0	0
<b>Contract Incentives</b>			
Waived Fees	All fees waived	All fees waived	All fees waived
<b>Total Fees for Two Year Term less Incentives</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Fees for Five Year Term less Incentives</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Earnings Credit</b>			
Earnings Credit Rate	0.00%	0.00%	0.00%
Target DDA Compensating Balance	-	-	-
Monthly Earnings Credit less Reserve	-	-	-
Earnings Credit for Two Year Term	-	-	-
Earnings Credit for Five Year Term	-	-	-
Reserve Requirement	N/A	N/A	N/A
<b>Net Fees for Two Year Term</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Fees for Five Year Term</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Interest Income Estimate</b>			
<b>Investment Option</b>	FFTR x .50; 0.50% x 0.50% = 0.25%	1-month T-Bill + 0.10%; 0.35% floor	NOW Checking; 13-week T-Bill + 0.10%, adjusted monthly
Interest Rate	0.25%	0.35%	0.35%
Investment Balance	3,800,000	3,800,000	3,800,000
Monthly Investment Income	792	1,108	1,108
Two Year Investment Income	19,000	26,600	26,600
Five Year Investment Income	47,500	66,500	66,500
<b>Two Year Income/(Cost)</b>	<b>19,000</b>	<b>26,600</b>	<b>26,600</b>
<b>Five Year Income/(Cost)</b>	<b>47,500</b>	<b>66,500</b>	<b>66,500</b>
<b>6/13/2016 Submission Date</b>			
Historical Bank Balance	3,800,000		
91-Day T-Bill Discount Rate	0.25%		
Fed Funds Rate Actual	0.38%		
Fed Funds Rate Target	0.25 - 0.50%		
Local Government Investment Pool	0.36%		

# City of Canyon, Texas Bank RFA Analysis



June 10, 2016	Happy State Bank (Incumbent)	Amarillo National Bank	First United Bank
<b>DETAIL RESPONSE ANALYSIS OF BANK DEPOSITORY SERVICES</b>			
<b>"Best Value" Criteria</b>			
1 Ability to perform and provide the required and requested services 2 References provided and quality of services 3 Cost of services 4 Transition cost, retention and transition offers and incentives 5 Funds availability 6 Interest paid on interest bearing accounts and deposits 7 Earnings credit calculation on compensating balances 8 Completeness of application and agreement to points in the RFA 9 Convenience of locations 10 Previous service relationship with the City 11 Financial strength and stability of institution			
<b>Required Bank Services</b>			
1 On-Line Banking Services (R)	Yes	Yes	No - One and two day float not available
2 Positive Pay (R)	No	Yes	Yes
3 Reverse Positive Pay (R)	No	Yes - through regular Positive Pay	Yes
4 ACH (R)	Yes	Yes	Yes
5 ACH Debit Blocking (R)	Yes	No	Yes
6 Remote Deposit Capture (R)	Yes	Yes	Yes
7 Employee and Board Member Check Cashing (R)	Yes	Yes	Yes
8 Returned Check Reprocessing (R)	Yes	Yes	Yes
9 Account Analysis (R)	Yes	Yes	Yes
10 Bank Statements (R)	Yes	Yes	Yes
11 Payment for Services	Yes	Yes	Yes
12 Account Settlement	Yes	Yes	Yes
13 Research (R)	Yes	Yes	Yes
14 Bank Errors (R)	Yes	Yes	Yes
15 Audit Confirmations	Yes	Yes	Yes
16 Balance Assessment	Fees Waived	Fees Waived	Fees Waived
17 Reserve Requirement	Yes - 10%/NA	None	Yes - 10%/NA
<b>Services That May Be Considered</b>			
1 Consumer Bill Pay Processing	No	No	Misunderstood Item - response described bank drafting of customer accounts
<b>Collateral Requirements</b>			
1 Collateralization	Yes	Yes	Yes
2 Collateral Amount	Yes	Yes	Yes
3 Custody/Safekeeping	Yes - TIB	Yes - Frost Bank	Yes - TIB
4 Collateral Substitution	Yes	Yes	Yes
5 Collateral Report	Yes	Yes	Yes
6 Board Resolution	Yes	Yes	Yes
<b>Investment Activities</b>			
1 Direct Investment Alternative	No	Yes	No to Safekeeping but no limit to placing balances with other institutions.
2 Certificates of Deposit	Yes	Yes	Yes
3 Safekeeping/Custody Services	Yes	Yes	No
4 Sweep/Investment Account	Yes	Yes	No

# City of Canyon, Texas Bank RFA Analysis



June 10, 2016	Happy State Bank (Incumbent)	Amarillo National Bank	First United Bank
<b>Overdraft Provisions</b>			
1 Net Overdraft Defined	Yes	Yes	Yes
2 Notification	Yes	Yes	Yes
3 Stipulations	1 day; collective account balances; 0%	Max days and amount not fixed; Prime + 2%	5 days; \$100,000 max; 18%
<b>Other Stipulations</b>			
1 Regulation Notifications	Yes	Yes	Yes
2 Incoming Wire Transfers	Yes	Yes	Yes
3 Right to Cancel Under Federal or State Law Rulings	Yes	Yes	Yes
4 Access to Bank Records	Yes	Yes	Yes
5 Right to Open and Maintain Other Accounts	No	Yes	Yes
6 Secondary Depository Bank	Yes	Yes	Yes
7 Right to Terminate	No	Yes	Yes
8 Terms Fixed	Yes	Yes	Yes
9 One Relationship Officer	Greg Houlette, SVP (806) 342-2403	Ross Macon, Branch Mgr (806) 655-8880	Stuart Sutton, SVP (806) 655-8000
<b>Miscellaneous</b>			
1 Semi-Annual Meeting	Yes	Yes	Yes
2 Formal Agreement Required	Yes	Yes	Yes
3 Advertisement Acknowledged	Acknowledged	Acknowledged	Acknowledged
<b>Application Submission</b>			
	Provided	Provided	Provided
<b>Fee Schedules</b>			
1 Bank Services	Provided	Provided	Provided
<b>Response Attachments</b>			
1 Account Analysis	Provided	Provided	Not Provided
2 Rate Basis	Provided	Provided	Provided
3 Sample Collateral Agreement	Provided	Provided	Provided
4 Security Measures	Provided	Provided	Provided
5 Technology Specs	Provided	Provided	Provided
6 Sample Safekeeping Report	Provided	Provided	Provided
7 Securities Safekeeping Fees	Provided	Provided	Service Not Provided
8 Sweep/Investment Account Information	Provided	Provided	Service Not Provided
9 Summary Business Continuity Plan	Provided	Provided	Provided
10 References	Provided	Provided	Provided
11 Sample FIRREA Compliant Document	Provided	Not Provided - attached Frost Bank pledge agreement instead	Provided
<b>Other Considerations</b>			
1 Monthly Service Charge Waiver	All fees waived	All fees waived	All fees waived
2 Bankrate.com Rating	4-Star	5-Star	4-Star
3 Supplies at NC	Not Addressed	Initial Order	Life of Contract
4 Safekeeping Services	Yes	Yes	No

**RESOLUTION NO. 12-2016**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CANYON  
AWARDING A PRIMARY DEPOSITORY BANK RELATIONSHIP AND  
AUTHORIZING THE CITY MANAGER TO NEGOTIATE A CONTRACT AND  
EXECUTE ANY AND ALL AGREEMENTS NECESSARY TO IMPLEMENT THE  
RELATIONSHIP CONTINGENT UPON THE SUCCESSFUL NEGOTIATION OF  
SAID CONTRACT;**

WHEREAS, Chapter 105 of the Local Government Code requires that at least every five (5) years the City solicit for applications from qualified financial institutions to serve as the depository bank for City funds;

WHEREAS, the City engaged the professional services of Valley View Consulting, L.L.C., to assist with the solicitation and evaluation of all applications that were received;

WHEREAS, three (3) applications were received, evaluated and found to be acceptable;

WHEREAS, Happy State Bank as the incumbent depository bank, has demonstrated the ability to provide all of the services that the City requires, and proposed a reasonable service and financial arrangement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS:

That the City Manager is hereby authorized to negotiate the final contract with Happy State Bank to provide primary bank depository services under the most favorable terms and conditions for the City and to execute all necessary agreements to implement the relationship; and

BE IT FURTHER RESOLVED BY THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS:

That should a mutually agreeable contract with Happy State Bank not be negotiable, the City Manager is hereby authorized to negotiate with either of the other banks to provide primary depository bank services under the most favorable terms and conditions for the City and to execute all necessary agreements to implement the relationship.

PASSED AND APPROVED this 25th day of July 2016.

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**QUINN J ALEXANDER, MAYOR**

ATTEST:

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**Gretchen Mercer, City Clerk**

To: Randy Criswell, City Manager  
From: Jon Behrens, Assistant to the City Manager  
Date: July 14, 2016  
Re: City Commission Workshop Goals

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I have compiled the information from our June 30, Commission work session. I believe that all of the changes to the goal statements that the Commissioners suggested have been made. At this time I would like to have the Commission confirm that I have included all of the goals that were selected for FY2017.

Five additional goals have been added to this document. These additional goals were developed by the staff and represent major tasks that the staff will be working on in FY2017.

If it is determined that these goal statements are acceptable, the staff will then begin developing an Action Plan for each goal. These Action Plans will be simple outlines of the steps the staff will take to meet each goal and completion dates for any major milestones.

If I can answer any questions related to this memo or the Commission Goals document, let me know.

# Canyon City Commission Goals

## FY 2017

Developed 6/30/16

7/14/16 Revision

### 1. Community Character and Environment

Goal:

The city strives to maintain the character and community environment of Canyon, while growing, through well-planned and sustainable growth strategies.

Objectives:

- Preserve and develop neighborhoods that are long-term, viable, safe and appealing.
- Maintain and improve the aesthetics and sustainability of the City.
- Protect and preserve the natural areas of the City to include parks, floodplains and open space.
- Support high-quality, well-planned and sustainable growth.

#### FY2017 Goals:

- The city will initiate the analysis phase of determining options for addressing brick streets, and prepare a report detailing those options.

Action Plan:

- The city will partner with WTAMU, businesses, and homeowners in assessing and addressing street parking near the campus area.

Action Plan:

### 2. High Value Government

Goal:

City officials strive to govern and operate the city in a transparent, efficient, accountable and responsive manner on behalf of the citizens.

Objectives:

- Maintain and enhance public confidence, satisfaction and trust in City Government.
- Ensure policies and procedures are consistent with the vision, intent and goals of the strategic plan, citizens, City Commission, and City leadership.
- Enhance efforts to communicate with citizens and provide opportunities for citizen participation and input.
- Continue and enhance sound financial and business practices.

#### FY2017 Goals:

- The city will begin the creation of a Development Policy Manual that will address issues pertaining to development in Canyon, including but not limited to specific new policies such as a Parks Policy, Impact Fee Policy, Mailbox Location Policy, and Sidewalk Policy, all combined with existing policies and ordinances, and incorporated into one document.

Action Plan:

### 3. Economic Vitality

**Goal:**

The city strives to develop a diverse economy which will generate high-quality, stable jobs that strengthen the sales and property tax base and contribute to a high quality of life.

**Objectives:**

- Develop and maintain the facilities and infrastructure needed to make the City attractive to businesses.
- Foster business growth in the city.

### 4. City Services and Infrastructure

**Goal:**

City services and infrastructure are efficiently, effectively and strategically delivered to enable economic growth and development and to maintain citizens' health, safety and general welfare.

**Objectives:**

- Ensure the current and future water supply is adequate, affordable and safe.
- Continue to provide high level of public safety and security.
- Maintain and expand City services in a cost effective and efficient manner to meet the expectations of citizens.

**FY2017 Goals:**

- The city shall seek citizen's input related to current and future senior citizens programming and facility's needs.

Action Plan:

- The city will develop an ordinance to address motor vehicles and other property parked in front and/or side yards.

Action Plan:

- The City will evaluate options for recycling, and provide detailed report on existing recycling efforts and possible future efforts.

Action Plan:

### Additional Goals from City Staff:

- Implementation of water meter program completed. (Based on Commission approval)
- Continued discussion of options to meet future city departmental office and facility space needs.
- Opening of new aquatic facility.
- The city will move forward with plans to engage a firm to develop a new Comprehensive Plan.
- Completion of Zoning and Subdivision Ordinance updates.

To: Mayor and City Commission  
From: Randy Criswell, City Manager  
Date: July 25, 2016  
Re: Budget Work Session.

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At the last meeting, I made the formal budget presentation. To summarize the highlights of the budget as it stands:

- Total budget is \$17.7 million
- Tax rate to remain at \$0.39083
- Proposed increase of \$200,000 in sales tax revenue
- Proposed increase of 2.7% in Solid Waste Fees
- Proposed increase of 3% in Water Rates
- Proposed increase of \$5 in daily Green Fee Rate
- 3% Performance-Based salary increase
- 3 new positions created
  - One Police Officer
  - One Parks Employee
  - One Wellfield Operator
- \$1.15 million in Capital Improvements
- \$73,000 in contingencies

I have included the spreadsheet that was in the presentation showing all the capital improvements and equipment purchases as well.

## 2016 - 2017 Proposed Capital Expenditures

	<u>Current Budget</u>	<u>Capital Equip Fund</u>	<u>Pool Bonds</u>	<u>Water Bonds</u>	<u>Future needs</u>
<b><u>POLICE</u></b>					
Two (2) 2017 Ford Explorer Police Interceptors		\$77,100			
<b><u>FIRE</u></b>					
Pickup to replace 1997 model pickup		\$30,000			
<b><u>PARKS</u></b>					
Canyon East lighting (3 year project)	\$65,000				\$130,000
New Pickup		\$30,000			
Recreational Equipment	\$25,000				
New tractor		\$45,000			
<b><u>SWIMMING POOL</u></b>					
Tables and Umbrellas			\$35,000		
Concession Equipment			\$3,500		
<b><u>GOLF COURSE</u></b>					
Parking Lot overlay and repair	\$33,000				
Architect plans for expansion/renovation of club house/cart barn					\$10,000
Overflow for spillway at hole #2	\$60,000				
Golf Cart Capital	\$51,100				
<b><u>STREET DEPARTMENT</u></b>					
Canyon East Drainage Channel	\$20,000				
Brick street improvements					cost unknown
<b><u>LIBRARY</u></b>					
New Carpet	\$15,000				
<b><u>WATER PRODUCTION</u></b>					
New Well at Brown Road Property				\$450,000	
New SCADA system				\$50,000	
New office/shop					\$300,000
Two New Pickups		\$60,000			
<b><u>WATER DISTRIBUTION</u></b>					
Water Main Replacement	\$100,000				
EDA matching grant	\$125,000				
<b><u>WASTEWATER COLLECTION</u></b>					
Pipeline camera	\$55,000				
Sewer mains	\$600,000				
<b>TOTAL</b>	\$1,149,100	\$242,100	\$38,500	\$500,000	\$440,000

To: Randy Criswell, City Manager  
From: Chris Sharp, Assistant City Manager  
Date: July 18, 2016  
Re: Consider and Take Appropriate Action on Taking Record Vote on Proposed Tax Rate, and Adopt Budget Calendar Setting Dates for Public Hearing

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Truth-in-Taxation requirements call for a vote to place a proposal to adopt a tax rate that exceeds the lower of the effective rate or the rollback rate, whichever is lower, on the agenda of a future meeting as an action item. The Commission must take a recorded vote on the proposed tax rate. The City's current tax rate is \$.39083 per \$100 valuation. The 2016 effective and rollback tax rates are not known at this time. We are awaiting final numbers from the County and hope to have them by Monday's meeting.

The current proposed rate of \$.39083 per \$100 valuation exceeds the lower of these two rates by approximately 5%, requiring a record vote. With this agenda item, the Commission must vote on the proposed tax rate and schedule two public hearings on the proposed rate. The proposed tax rate set by this vote cannot be increased. It becomes that maximum tax rate that can be adopted.

**It is staff's recommendation that a recorded vote be taken on the proposed tax rate and for the Commission to adopt the budget calendar setting dates for two public hearings.**

Motion should be stated in the following manner;

Motion to adopt \$0.39083 as the maximum proposed tax rate.

Mayor and each Commissioner will verbally vote yay or nay to be recorded.

- Motion to adopt the budget calendar setting the dates for two public hearings.

## 2016 Planning Calendar for City of Canyon

Date	Activity
<b><u>April - May</u></b>	Mailing of notices of appraised value by chief appraiser.
<b><u>April 30</u></b>	The chief appraiser prepares and certifies to the tax assessor for each county, municipality, and school district participating in the appraisal district and estimate of the taxable value.
<b><u>May 15</u></b>	Deadline for submitting appraisal records to ARB
<b><u>July 20</u></b>	Deadline for ARB to appraise appraisal records
<b><u>July 25</u></b>	Deadline for chief appraiser to certify rolls to taxing units
<b><u>                    </u></b>	Certification of anticipated collection rate by collector
<b><u>                    </u></b>	Calculation of effective and rollback tax rates
<b><u>July 22</u></b>	72-hour notice for meeting (Open Meetings Notice)
<b><u>July 25</u></b>	Meeting of governing body to discuss tax rate
<b><u>                    </u></b>	Publish Notice of 2016 Tax Year Proposed Property Tax Rate for City of Canyon. Use the ad that will correspond to the proposed tax rate; if the proposed rate is at or below the effective tax rate, then use the shorter ad. Use the longer ad if the proposed rate will exceed the effective tax rate. This ad must be published by September 1st and 7 days before public hearing.
<b><u>Aug 07</u></b>	It needs to be one quarter page or larger, the headline must be 24-point or larger, and it must not be published in the legal section. You must also post the notice on your website no later than September 1st and keep it posted until you have adopted.
<b><u>Aug 12</u></b>	72-hour notice for meeting (Open Meetings Notice)
<b><u>Aug 15</u></b>	Public hearing (should be 7 days after notice is published in the newspaper)
<b><u>Aug 19</u></b>	72-hour notice for meeting (Open Meetings Notice)
<b><u>Aug 22</u></b>	Second public hearing (should be no earlier than 3 days after 1st hearing and no later than 14 days)
<b><u>Sept 9</u></b>	72-hour notice for meeting at which governing body will adopt (Open Meetings Notice)
<b><u>Sept 12</u></b>	Meeting to adopt tax rate. Meeting is 3 to 14 days after second public hearing.