

AGENDA

NOTICE OF MEETING

Notice is hereby given that the governing body of the City of Canyon will meet at 1:00 p.m. on the 24th day of July 2018, 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 Meeting of July 9, 2018.
5. Public Comment – Comments from Interested Citizens.
6. Executive Session Pursuant to §551.074 Appointments to Boards and Commissions (Canyon Economic Development Corporation Board of Directors, and §551.071, Consultation with Attorney.
7. Consider and Take Appropriate Action on Items Discussed in Executive Session.
8. Budget Presentation and Work Session.
9. Consider and Take Appropriate Action on Taking Record Vote on Proposed Tax Rate, and Adopt Budget Calendar Setting Dates for Public Hearing.

2 motions have to be made

1st - Motion to adopt \$0.4200 as the maximum M&O proposed tax rate and \$0.0566 as the maximum I&S proposed tax rate for a combined tax rate of \$0.4766. Each Commissioner will have to verbally vote individually.

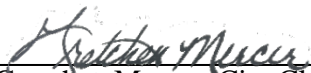
2nd - Motion to adopt the budget calendar setting the dates for two public hearings.

10. Adjourn.



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 20th day of July 2018.



Gretchen Mercer, City Clerk

The City Commission of the City of Canyon met in regular session at 5:30 p.m. in the City Commission Chambers of the Civic Complex. Mayor Gary Hinders presided over the meeting with the following Commissioners in attendance, Cordell Jones, Roger Remlinger and Paul R. Lyons. Mayor Pro-Tem Justin Richardson was unable to attend.

Also present were the following City Staff: City Manager Randy Criswell, Assistant City Manager Chris Sharp, City Secretary Gretchen Mercer, Public Works Director Dan Reese, Safety Director Tony Lawson, Utility Superintendent Eric Whitten, Parks and Recreation Director Brian Noel, Planning and Development Director Danny Cornelius, Code Enforcement Inspector Stan Barnard, and City Attorney Chuck Hester.

Item 1. Call to Order.

Mayor Hinders called the meeting to order at 5:31 p.m.

Item 2. Invocation.

Commissioner Jones gave the invocation.

Item 3. Pledge of Allegiance.

The Pledge of Allegiance was led by Commissioner Remlinger.

Item 4. Approval of Minutes of the Meeting of June 18, 2018.

Commissioner Jones moved, duly seconded by Commissioner Remlinger, to approve the minutes of June 18, 2018 as presented. Motion carried unanimously.

Item 5. Public Comment – Comments from Interested Citizens.

No comments were made.

Item 6. Consider and Take Appropriate Action on Resolution No. 12-2018, A Resolution of the City Commission of the City of Canyon, Texas, Requesting Membership Into the Amarillo Metropolitan Planning Organization.

Public Works Director Dan Reese presented Resolution No. 12-2018 for consideration. Mr. Reese stated the Amarillo Metropolitan Planning Organization (MPO) had been planning on expanding the MPO boundaries to include Canyon once the population of Amarillo rose to above 200,000 and they could become a Transportation Management Area (TMA). Mr. Reese said it has been determined that an MPO can expand its boundaries and membership without becoming or serving a TMA. Mr. Reese stated the MPO boundary had not been expanded in years and the recent growth in the area opened up greater avenues to receive federal transportation funding. Mr. Reese stated the MPO Policy Committee approved the boundary expansion in April 2018 and revised by-laws and membership must be adopted, and a packet submitted to the Texas Transportation Commission and Texas Governor for approval. Once everything is submitted and

approved, the new boundaries will take effect and include Canyon and some of the surrounding area.

After discussion, Commissioner Remlinger moved, duly seconded by Commissioner Jones to adopt Resolution No. 12-2018 as presented. Motion carried unanimously.

RESOLUTION NO. 12-2018
A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CANYON,
TEXAS, REQUESTING MEMBERSHIP INTO THE AMARILLO
METROPOLITAN PLANNING ORGANIZATION.

Item 7. Bid Award for Water System Improvements to Serve Kimbrough Stadium and Adjacent Areas.

Director of Public Works Dan Reese presented a request from Canyon Independent School District for water service to be provided to Kimbrough Stadium. Mr. Reese stated extending the current water system to the east across US 60/87 would be beneficial to the City of Canyon by allowing service to be available on the east side of US 87 for possible future development and has been a part of the cities long range plan to have an alternate distribution line from the Kim Road Pump Station. This would allow all of the main water facilities to be tied together in the future. Mr. Reese stated that CISD would pay their portion and said bids were opened Wednesday, June 13, 2018 with the bids being split into two pieces; Project A for the City of Canyon portion and Project B for CISD's portion which would include an Interlocal Agreement. Mr. Reese stated funding for the project would come from the remaining water bond funds.

BID TABULATION
Water Distribution System Improvements
Water Line to Serve Kimbrough Stadium
June 13, 2018 3:00 pm

Bidder	Project A Bid	Project B Bid	Total Bid	Days to Complete
Amarillo Utility Contractors	\$304,680.00	\$127,590.00	\$432,270.00	150
MH Civil Constructors	\$325,515.00	\$130,485.00	\$456,000.00	180
West Texas Utility Contractors	\$435,357.00	\$200,170.00	\$635,527.00	220
Scott Wampler Construction	\$449,485.00	\$199,765.00	\$649,250.00	240
L.A. Fuller	\$577,198.00	\$216,622.00	\$793,820.00	210

Mr. Reese said it was City staff's and the City Engineers recommendation to award the bid to the low bidder, Amarillo Utility Contractors for the total amount of \$432,270.00 for Projects A and B.

After discussion, Commissioner Jones moved, duly seconded by Commissioner Remlinger to award the bid for extension of the current water system to Kimbrough Stadium to Amarillo Utility Contractors with the low bid of \$432, 270.00. Motion carried unanimously.

Item 8. Consider and Take Appropriate Action on Interlocal Agreement with CISD for Cost Share of Water System Improvements to Kimbrough Stadium.

City Manager Randy Criswell presented an Interlocal Agreement between the City of Canyon and CISD for sharing the cost of extending water services to Kimbrough Stadium as requested by CISD. The City of Canyon portion would be \$304,680.00, and CISD's portion would be \$127,590.00.

After discussion, Commissioner Remlinger moved, duly seconded by Commissioner Jones to approve the Interlocal Agreement with CISD as presented. Motion carried unanimously.

Item 9. Executive Session Pursuant to §551.074 Personnel Matters (Canyon Economic Development Corporation Board Appointments).

Mayor Hinders indicated the Commission would adjourn into Executive Session at 5:45 pm.

Item 10. Consider and Take Appropriate Action on Items Discussed in Executive Session.

Upon returning from Executive Session at 6:15 pm, no action was taken.

Item 11. Adjourn.

There being no further business, Commissioner Remlinger moved this meeting be adjourned.

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Secretary

REGARDING ITEM 8

City of Canyon 2018-2019 Budget Summary

By: Randy Criswell, City Manager

As per City Charter, we present to you the proposed 2018-2019 budget. As you know, our fiscal year is October 1 through September 30. The single most important function of the City Commission each year is to adopt a budget that sets the course for the upcoming year. I believe we have a good budget for you that addresses needs in an appropriate way. Following is a brief summary.

Overall Budget Summary as Proposed

General Fund total:	\$11.3 million	Last year:	\$10.2 million
Water Fund total:	\$7.7 million	Last year:	\$7.4 million
Golf Course total:	\$1.5 million	Last year:	\$1.4 million
All Funds Combined:	\$20.5 million	Last year:	\$19.0 million

Revenue - General Fund

Decrease in Ad Valorem Taxes of \$6,000. Ad Valorem taxes are a very complicated issue this year. In 2017, our tax collections included a small amount of taxable property from LSDP. In 2018, our tax collections will include the full amount of taxes from LSDP (\$301,000). In 2019, the tax abatement will go into force. What does all this mean?

The one-time collection we'll see this year from LSDP **cannot** be used in any way that makes a future commitment, because it won't be there next year. Thus, we have taken that \$301,000 out of the total taxes and set it aside as a separate account. That leaves basically the same amount of Ad Valorem taxes to work with as last year.

The budget has been prepared using \$0.39083 as the M&O rate, and \$0.06401 as the I&S rate, which are the current rates. Here's what we expect: Due to the one-time 2018 jump resulting from LSDP, we expect the Effective Tax Rate to decrease significantly. I'm guessing somewhere in the 3 to 5 cent range. The I&S rate is expected to reduce a little as well. As of today, we don't know those exact calculations, so a lot of this is educated estimating.

The most important thing you can do this year is to ignore the Rollback rate if it's less than the current rate of \$0.39083. If you reduce the tax rate based on the Rollback rate, this budget isn't going to be balanced, and we'll need to cut important portions. If we exceed the Rollback Rate, we'll have to be prepared to educate the public as to why, and the fact that next year the Effective and Rollback rates will go right back up when LSDP drops completely off the tax roll for the next two years as per our PILOT Agreement with them (tax abatement).

I know you're probably tired of hearing this, but again I'll say our tax rate is too low. We routinely take around \$1 million Utility Fund to balance the General Fund. That's 9% of the General Fund. As we've discussed, it isn't uncommon to make fund transfers from one fund to another. But it has to be "reasonable". I did a calculation last year that concluded we should

expect a "reasonable" transfer to be somewhere around 6%. You know the auditors agree. The General Fund should pay its own way. I know we can't do that this year because of the LSDP impact, but I urge you that in future years, it must be a priority to get that transfer down to around 6%.

Thankfully, the Rollback Rate and other attacks on local control were not successful this past legislative session, but cities are under the gun by our own state capital, and we can't lose sight of the fact that at some point we are very likely to lose little bits and pieces of our local control each legislative session.

One last point on the General Fund deficit. Taking \$1 million from the Utility Fund is taking away from critical infrastructure needs that we should be addressing. It's sometimes uncomfortable to raise taxes but it's needed. Feeling good about low taxes while our infrastructure continues to age isn't a good trade for anyone in the long term.

1. Increase in Sales Taxes of \$100,000.
2. Increase in Franchise Fees of \$150,000, primarily due to an increase with Xcel that we will bring to you prior to adoption of the budget.
3. Decrease in our Fire Contract with Randall County. This number fluctuates each year, because it's based on actual audited costs and a pro-rata share to Randall County based on the percentage of calls we responded to in the County. Last year it was \$53,000 higher than the previous year and this year it drops back down about \$30,000.
4. Increase in Solid Waste Collection fees. We are proposing a 5% increase to cover ongoing costs for an additional residential route (truck and operator). That would raise residential rates \$1/month, bringing the rate to \$22.60. A proportional increase on commercial rates would apply as well.

Revenue – Utility Fund

1. Increase in Water Receipts by 2% in anticipation of an increase from Amarillo that we will simply pass directly through. We have no formal indication yet, but this should cover us.
2. Increase in Sewer Receipts of about \$135,000. Based on a 2.2% increase to assist in paying the cost of an additional employee in the Wastewater Collection department.

Revenue – Golf Course Fund

1. No proposed changes.

Significant Expenditure Detail

Personnel

1. Salary adjustments proposed for 3% raise, based on performance. This will not be an across the board raise, but will be distributed based on employee performance. The overall pool of money is based on a total of 3%.

2. Health Insurance costs are shown with a 5% increase. We're working with a different broker this year to look at our options. We'll be meeting with him within the next week or so. We ran out of time last year, but I think we have a better company to deal with this year so I'm hoping to learn good things where we can continue to offer good benefits but maybe at a reduced cost. Either way, the 5% increase this year is pretty good
3. TMRS rate decreased from 16.54% to 15.54%.
4. New personnel requested—Six (6) new employees were requested from various departments. Four (4) are recommended for funding. Details are:
 - a. Two Firefighters. One is funded in this budget.
 - b. Two Parks Maintenance workers. One is funded in this budget.
 - c. One clerical position in Planning & Development requested and funded
 - d. One Maintenance Worker in Solid Waste was requested and funded.
 - e. Aquatic Center requested an additional \$25,000 for personnel, but was not funded

If any additional personnel are added, there will have to be comparable cuts elsewhere or revenues increased.

Capital Improvements

1. Fire Department (1-300).
 - a. Requested \$225,000 for new Grass Fire Rig. Not funded.
2. Street Department (1-401).
 - a. Requested \$100,000 for Westgate drainage improvements. This is not in the budget due to recent developments that I hope will alleviate this problem at little to no cost.
 - b. Funded \$100,000 to pave 18th Street along west side of Conner Park
3. Parks Department (1-402)
 - a. Funded \$25,000 for final of three years to pay for new restrooms at Hunsley Park.
 - b. Requested \$200,000 for new maintenance shop at Brown Road – Not funded
 - c. Funded \$85,000 for Canyon East Parkway
 - d. Requested \$30,000 for recreation equipment – Not funded. \$15,000 was added to budget for contracting various needs that will help to improve park conditions. There are areas that can be mowed or sprayed by a third party and allow our staff to concentrate more on upkeep of existing facilities.
 - e. Funded \$25,000 for ½ cost of lightning detection system (shared with PDC)
4. Aquatic Center (1-403)
 - a. Funded \$10,000 for some new outdoor seating. \$15,000 was requested.
 - b. Requested \$10,000 for shade canopy over entry-line area – Not funded.
5. Community Center (1-405)
 - a. Funded \$15,000 to begin replacement of chairs.
6. Civic Complex (1-413)
 - a. Funded \$25,000 for Business Office improvements (carpet, conference room)
7. Residential Solid Waste (1-415)
 - a. New Side-loader (from CEF, 10-year payout) was funded to provide for additional service as we continue to add homes.
 - b. Incinerator to process wood waste (\$120,000 from CEF, 10-year payout)

8. Water Distribution (2-502)
 - a. Funded \$150,000 for water main replacement
9. Wastewater Collection (2-511)
 - a. Funded \$600,000 for wastewater system improvements
10. Wastewater Treatment
 - a. Funded \$200,000 for 2nd of 6 years funding to replace the remaining original portions of the main line to the wastewater treatment facility.
 - b. Requested \$125,000 to replace Pivot #4 – Not funded.
11. Golf Course
 - a. Funded \$50,000 for construction of lower parking lot (year 2 of 2)
 - b. Funded \$25,000 for ½ cost of lightning detection system (shared with Parks)

Capital Equipment Fund New Purchases

1. Police - One Police Patrol Vehicle - \$43,000
2. Solid Waste
 - a. Incinerator - \$120,000
 - b. Side Loader - \$250,000
3. Water Production
 - a. One pickup - \$28,000
 - b. Brush Hog - \$25,000
4. Water Distribution
 - a. One pickup - \$28,000
5. Wastewater Collection
 - a. One pickup - \$28,000
 - b. Sewer Machine - \$58,000
6. Wastewater Treatment
 - a. One pickup - \$28,000

These purchases, when combined with the total amount of lease payments made or scheduled to the Capital Equipment Fund will leave the fund with a balance of about \$273,000, which we feel comfortable with.

What are the options for the \$301,000 from LSDP in taxes for 2018? (no specific order)

1. Purchase the Grass Rig outright
2. Brick Street repair
3. Purchase the new trash truck outright
4. Use for any other one-time purchase
5. Provide a one-time bonus for all employees
6. Place into reserves for future use
7. Others

Notable Items or Future Considerations

1. This budget includes \$75,000 in 1-215 for Freese/Nichols to begin creation of two new Ordinances, the Subdivision Ordinance and the Zoning Ordinance. Total cost is \$150,000 and it will take until the 2020 budget to finish so we've budgeted for ½ of the total cost.

2. Upcoming change: Radio system to be compatible with Randall County. We anticipate a lease/purchase finance for this.
3. AMR System. There won't be enough bond proceeds to do this, so when the time comes we will discuss other financing options.
4. City Hall growth needs. This need still remains. I would anticipate a General Obligation Bond election at some point in the future to address this. My thought would be the selling point for the election would focus on a new Police Station, which is typically highly supported by the public and the voters. The changes to City Hall would come as a secondary need but I'd be surprised if the voters wouldn't approve it if it resulted in a new police station. We can talk about that more whenever you gentlemen are ready.

Conclusion

I present to you a budget that makes a commitment to do the following things that I feel are of utmost importance:

1. Be fiscally responsible
2. Provide superior service to our customers
3. Be more efficient
4. Take care of our employees
5. Meet all legal obligations

A big thanks to Chris and all the staff who've worked so hard on this important document. Please call Chris or I if you have any questions at all.

Respectfully,

A handwritten signature in blue ink that reads "Randy". The signature is written in a cursive, flowing style.

Randy
City Manager

To: Randy Criswell, City Manager
From: Chris Sharp, Assistant City Manager
Date: July 11, 2018
Re: Consider and Take Appropriate Action on Taking Record Vote on Proposed Tax Rate, and Adopt Budget Calendar Setting Dates for Public Hearing

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 2018 effective and rollback tax rates are not known at this time. We are awaiting final numbers from the County. We have conservatively estimated our maximum rate for M&O to be \$0.4200.

We believe the effective rate and rollback rates will decrease from current rates based on the Lone Star plant, but we don't know yet. The budget has been prepared using the current M&O rate of \$0.39083 per \$100 valuation, and we're recommending a maximum M&O of \$0.4200, either of which we believe will require a record vote. The I&S rate is expected to be \$0.0566. Combining the M&O and I&S results in a combined tax rate of \$0.4766. 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 the maximum tax rate that can be adopted.

Please keep in mind that the 2018-2019 tax collection will include \$301,000 from Lone Star Milk Producers. We will NOT collect that amount in our 2019-2020 fiscal year since the payment in lieu of taxes agreement will be in effect at that time. This needs to be taken into consideration this year when setting our tax rate. With that in mind, staff recommends a vote of the maximum M&O tax rate of \$0.4200. This amount will give us some flexibility to go down if desired or needed for the official rate but does not tie our hands to an amount that may be too low if you should choose to vote for a lower rate.

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;
I move to adopt \$0.4200 as the maximum M&O proposed tax rate and \$0.0566 as the maximum I&S proposed tax rate for a combined tax rate of \$0.4766.
Mayor and each Commissioner will verbally vote yay or nay to be recorded.

Then you will need to adopt the budget calendar, setting the dates for two public hearings.
First public hearing – August 6th, 5:30 in Commission Chambers
Second public hearing – August 20th, 5:30 in Commission Chambers

2018 Planning Calendar for City of Canyon

Date	Activity
<u>April - May</u>	Mailing of notices of appraised value by chief appraiser.
<u>April 30</u>	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.
<u>May 15</u>	Deadline for submitting appraisal records to ARB
<u>July 20</u>	Deadline for ARB to appraise appraisal records
<u>July 25</u>	Deadline for chief appraiser to certify rolls to taxing units
	Certification of anticipated collection rate by collector
	Calculation of effective and rollback tax rates
<u>July 20</u>	72-hour notice for meeting (Open Meetings Notice)
<u>July 24</u>	Meeting of governing body to discuss tax rate
	Publish Notice of 2015 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.
<u>July 31</u>	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.
<u>Aug 3</u>	72-hour notice for meeting (Open Meetings Notice)
<u>Aug 06</u>	Public hearing (should be 7 days after notice is published in the newspaper)
<u>Aug 17</u>	72-hour notice for meeting (Open Meetings Notice)
<u>Aug 20</u>	Second public hearing (should be no earlier than 3 days after 1st hearing and no later than 14 days)
<u>Sept 7</u>	72-hour notice for meeting at which governing body will adopt (Open Meetings Notice)
<u>Sept 10</u>	Meeting to adopt tax rate. Meeting is 3 to 14 days after second public hearing.

AUGUST 2018

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6 City Commission Meeting: 1st Public Hearing on Proposed Tax Rate & Public Hearing on Budget	7	8	9	10	11
12	13	14	15	16	17	18
19	20 City Commission Meeting: 2nd Public Hearing on Proposed Tax Rate.	21	22	23	24	25
26	27	28	29	30	31	

SEPTEMBER 2018

Sun Mon Tue Wed Thu Fri Sat

1

2 3 4 5 6 7 8

Closed



9 10 11 12 13 14 15

**City
Commission
Meeting:
Adopt Tax
Rate and
Budget**

16 17 18 19 20 21 22

23 24 25 26 27 28 29

30