

The City Commission of the City of Canyon met at 4:30 pm in the City Commission Chambers of the Civic Complex. Mayor Gary Hinders presided over the meeting with the following Commissioners in attendance, Mayor Pro-Tem Cody Jones, Kelsey Ward, Randy Ray and Paul R. Lyons.

Also present were the following City Staff: City Manager Joe Price, Assistant City Manager Jon Behrens, City Secretary Gretchen Mercer, IT Director Shaun Holtman, Finance Director Joel Wright, Human Resources Director Hector Mendoza, Communications Director Megan Nelson, Business and Community Development Interim Director Larry Tucker, Police Captain Matthew Coggins, Fire Chief Dennis Gwyn, Assistant Fire Chief Vince Whitfill, Planning and Development Director Danny Cornelius, Director of Public Works Dan Reese, Assistant Public Works Director Chris Enriquez, Parks Director Brian Noel, City Engineer Adolfo Garcia, and City Attorney Chuck Hester.

Item 1. Call to Order.

Mayor Hinders called the meeting to order at 4:34 pm.

Item 2. Invocation.

Commissioner Ray gave the invocation.

Item 3. Pledge of Allegiance.

The Pledge of Allegiance was led by Commissioner Lyons.

Item 4. Approval of the Minutes of the Meeting of August 1, 2022

Commissioner Ray moved, duly seconded by Mayor Pro-Tem Jones to approve the minutes of August 1, 2022 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 #1 Dandridge Property.

City Manager Joe Price opened discussion with a brief history of #1 Dandridge and introducing Colby Monroe, builder of the property and Developer Davy Hamilton and Engineer Rudolfo Morales. Mr. Price stated #1 Dandridge is a property located in Spring Canyon subdivision and was constructed within the 40' easement along a water main that is directly fed by a water tower. Mr. Monroe provided an proposed a request to the City Commission to allow a Variance of a 30' easement on this lot only and said he would bear the cost of remodeling the home to get it outside of the requested 30' easement. Mr. Monroe stated there were misses on both the builder and city inspectors not catching the encroachment into the 40' easement, but he felt this would be a good solution. Mr. Monroe's engineer Rudolfo Morales stated they planned to anchor the corners closest to the line by installing piers that would be a minimum of 15' deep, more likely 20' to 25', for

stabilization. Mayor Hinders asked City of Canyon Engineer Adolfo Garcia if he felt this would work, Mr. Garcia said he thought it would address the safety issues. Mr. Garcia also said cutting the house back through remodeling would help as well. Mr. Monroe said he would disclose the issue to the future homeowners.

After discussion, Commissioner Lyons moved for the City of Canyon to pay up to \$250,000 for the demolition of the home with Mr. Monroe paying the remaining \$50,000, so Mr. Monroe could rebuild the home. Motion died due to lack of a second.

After discussion, Commissioner Lyons moved to approve the variance for a 30' easement instead of a 40' easement and allow the proposed remodeling. Mayor Pro-Tem Jones 2nd the motion and asked if there was any other information pertinent to the decision. Mr. Price said he didn't think so. Director of Planning and Development Danny Cornelius and City Attorney Chuck Hester felt the decision should be memorialized with a Resolution adopted at the next meeting.

Commissioner Lyons amended his motion, to allow Mr. Monroe to move forward with the \$50,000 remodeling, move the 40' easement to a 30' easement through an approved variance by the City Commission and for the City Attorney to create a Resolution memorializing all to be adopted at the next Commission Meeting. It was clarified this would apply only to the structure at #1 Dandridge and if the structure was ever removed, the 40' easement would go back into effect. Mayor Pro-Tem Jones 2nd the motion. Motion carried unanimously.

Item 7. Consider and Take Appropriate Action on a Plat for Country Acres Unit No. 1, a Subdivision Within the Extraterritorial Jurisdiction of the City of Canyon.

Planning and Development Director Danny Cornelius presented a Plat for Country Acres Unit No. 1. Mr. Cornelius said this Plat crosses over the ETJ for City of Canyon meaning the Plat will have a dual approval of the City and Randall County. Mr. Cornelius said the Planning and Zoning Commission approved to recommend the Plat to the City Commission for approval unanimously.

After discussion, Mayor Pro-Tem Jones moved, duly seconded by Commissioner Ward to approve the Plat as recommended by the Planning and Zoning Commission. Motion carried unanimously.

Item 8. Consider and Take Appropriate Action on Ordinance No. 1163, An Ordinance of the City Commission of the City of Canyon, Texas, Approving a Negotiated Settlement Between the Executive Committee of Cities Served by Atmos West Texas("Cities") and Atmos Energy Corp., West Texas Division Regarding the Company's 2022 Rate Review Mechanism Filing; Declaring Existing Rates to be Unreasonable; Adopting Tariffs That Reflect Rate Adjustments Consistent With the Negotiated Settlement; Finding the Rates to be Set by the Attached Settlement Tariffs to be Just and Reasonable and in the Public Interest; Approving an Attachment Establishing a Benchmark for Pensions and Retiree Medical Benefits; Approving an Attachment Regarding Amortization of Regulatory Liability; Requiring the Company to Reimburse Cities' Reasonable Ratemaking Expenses; Determining That This Ordinance was Passed in Accordance with the Requirements of the Texas Open Meetings Act;

Adopting a Savings Clause; Declaring an Effective Date; and Requiring Delivery of this Ordinance to the Company and the Cities' Legal Counsel.

City Manager Joe Price presented Ordinance No. 1163 for consideration. Mr. Price stated this Ordinance would approved a negotiated settlement for the rate case of ATMOS Energy.

After discussion, Mayor Pro-Tem Jones moved, duly seconded by Commissioner Ray to adopt Ordinance No. 1163 as presented. Motion carried unanimously.

ORDINANCE NO. 1163

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE EXECUTIVE COMMITTEE OF CITIES SERVED BY ATMOS WEST TEXAS ("CITIES") AND ATMOS ENERGY CORP., WEST TEXAS DIVISION REGARDING THE COMPANY'S 2022 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; APPROVING AN ATTACHMENT REGARDING AMORTIZATION OF REGULATORY LIABILITY; REQUIRING THE COMPANY TO REIMBURSE CITIES' REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS ORDINANCE WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS ORDINANCE TO THE COMPANY AND THE CITIES' LEGAL COUNSEL.

- Item 9. Consider and Take Appropriate Action on Resolution No. 20-2022, A Resolution by the City of Canyon, Texas ("CITY") Denying Southwestern Public Service Company's Proposed Surcharge in Connection with Final Rates Approved Related to its Statement of Intent Submitted on About February 8, 2021; Authorizing the City's Continued Participation with Other Cities in the Alliance of Xcel Municipalities ("AXM") and Participation in Related Rate Proceedings; Authorizing the Hiring of Attorneys and Consultants; Requiring Reimbursement of Reasonable Legal and Consultant Expense; Finding That the Meeting Complies with the Open Meetings Act; Making Other Findings and Provisions Related to the Subject.

City Manager Joe Price presented Resolution No. 20-2022 for consideration.

After discussion, Commissioner Ward moved, duly seconded by Mayor Pro-Tem Jones to adopt Resolution No. 20-2022 as presented. Motion carried unanimously.

RESOLUTION NO. 20-2022

A RESOLUTION BY THE CITY OF CANYON, TEXAS ("CITY") DENYING SOUTHWESTERN PUBLIC SERVICE COMPANY'S PROPOSED SURCHARGE IN CONNECTION WITH FINAL RATES APPROVED RELATED TO ITS STATEMENT OF INTENT SUBMITTED ON ABOUT FEBRUARY 8, 2021; AUTHORIZING THE CITY'S CONTINUED PARTICIPATION WITH OTHER CITIES IN THE ALLIANCE OF XCEL MUNICIPALITIES ("AXM") AND PARTICIPATION IN RELATED RATE PROCEEDINGS; AUTHORIZING THE HIRING OF ATTORNEYS AND CONSULTANTS; REQUIRING REIMBURSEMENT OF REASONABLE LEGAL AND CONSULTANT EXPENSES; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT

- Item 10. Consider and Take Appropriate Action on Development Funding Report – Freese & Nichols and Authorizing the City Manager to Move Forward with the Development and Release of a Request for Qualifications (RFQ) Related to Professional Services for the Review and Updating of the City's Infrastructure Systems, Needs for Expansion and Funding Options.

City Manager Joe Price and Assistant City Manager Jon Behrens presented a Development Funding report for discussion and a request to move forward with the release of a Request for Qualifications related to Professional Services for the Review and Updating of the City's Infrastructure Systems, need for expansion and funding options. Mr. Price said with the continued growth of Canyon and Randall County, the City's infrastructure systems limitations and needs for expansion are more apparent. Mr. Price stated the City Commission authorized City staff to engage Freese & Nichols to review the City's current practices associated with infrastructure expansion, meet with community stakeholders and City Staff to discuss funding methods, and identify recommended actions which will allow the city to continue to responsibly grow. Mr. Price said Freese & Nichols worked independently of staff throughout the process with staff organizing stakeholder meetings and providing historical information to Freese and Nichols. The results of the meetings were presented to the City Commission by Freese & Nichols in July 2022 with the City Commission asking for more time to study the information. Mr. Price stated Parkland Dedication Fees were added to the report as an additional funding option and all is created in line with the City of Canyon Strategic Plan.

Mayor Hinders asked for anyone that wanted to speak about the proposed RFQ related to Professional Services for the review and updating of the City's Infrastructure Systems, needs for expansion and funding options.

- Davy Hamilton of Spring Canyon / Canyon Capital Group – 10554 FM 2219, Amarillo, TX 79119
Mr. Hamilton spoke against impact fees. Said getting an informational report was fine.
- Colby Monroe of 29:11 Homes – 6111 W. Country Club Rd, Canyon, Texas
Mr. Monroe agreed a study would be helpful to come up with numbers, is against impact fees.
- J.T. Laramore of Texas Panhandle Builders Association – 30400 S. Soncy Rd, Canyon, Texas 79015 and 5601 Enterprise Circle, Amarillo, TX
Mr. Laramore spoke against impact fees, said that the City of Canyon should raise taxes to pay for system expansion to allow more development. Mr. Laramore stated he talked to other members of the Builders Association and no one was invited to any stake holder meetings. Assistant City Manager Jon Behrens stated there were no City of Canyon staff members at the meetings and no one was left out, as this was a City of Canyon project, local builders were invited by email, There was no intent to cut anyone out of participating.
- Gabe Irving - 6326 Kalee, Amarillo, Texas
Mr. Irving stated he was a Commercial Real Estate Broker and spoke against impact fees. Said long term focus should be bringing in business.

Mr. Price commented the City Commission desires a modest tax rate and that growth has created the need for system expansion as water and sewer were almost at capacity. Mr. Price said the City could take out debt but the City is already paying out approximately 2.2 million annually for current debt. Mr. Price asked that the Commission allow staff to move forward with the study.

Mayor Hinders spoke to the reasons of a need for impact fees / funding mechanisms and this report would look at several tools.

Commissioner Lyons read a prepared statement and said impact fees would be the worst thing for Canyon, that it's a tax on citizens of Canyon.

Commissioner Ray as he teaches management classes, decisions are based on the most information that can be provided. Mr. Ray stated this motion is to get more information, not a vote on impact fees.

Commissioner Ward stated she agreed with Commissioner Ray's statement and said there is a cost to doing business for the business owner.

Mayor Pro-Tem Jones stated that spending during a recession should be done to invest in the community, not another study. Commented the \$220,000 budgeted for the study was more than the adopted tax rate for 2022-2023 raised.

Mayor Hinders added he would never ask tax payers to pay for growth. Mr. Price stated the city would have to take out debt to build a water tower to service expansion.

After discussion, Commissioner Ray moved, duly seconded by Commissioner Ward to authorize City Manager Joe Price to move forward with the development and release of a Request for qualifications (RFQ) related to professional services for the review and updating of utility installation and oversizing policies, review of wastewater treatment capacity and recommendations for future facility expansion, review of the Pro Rata ordinance, recommendations on PID policy and residential development TIRZ, creation of a Canyon Plan framework and plan alignment, the development of impact fee land use assumptions, an impact fee capital improvements plan, an impact fee schedule and an impact fee ordinance in accordance

with the requirements of Texas laws and regulations. Such work shall be performed in accordance with Chapter 395 of the Texas Local Government Code. Motion carried 3-2 with Mayor Pro-Tem Jones and Commissioner Lyons voting against.

Item 11. Conduct Public Hearing and Consider and Take Appropriate Action on Ordinance No. 1162, An Ordinance of the City Commission of the City of Canyon, Texas, Fixing the Ad Valorem Tax Rate and Providing for the Levying of Ad Valorem Taxes for the Use and Support of the Municipal Government of the City of Canyon, Texas for the Fiscal Year Beginning October 1, 2022 and Ending September 30, 2023 at the Rate of \$0.400160 Per One Hundred Dollars (\$100.00), and for Directing the Assessment Thereof; Providing for a Date on Which Such Taxes Become Due and Delinquent Together With Penalties and Interest Thereon; Providing for Repealing, Savings and Severability Clause; Providing for an Effective Date of this Ordinance; and Providing for the Publication of the Caption Hereof.

Finance Director Joel Wright presented Ordinance No. 1162 for consideration. Mayor Pro-Tem Jones expressed appreciation to the Finance Department and City Staff for the transparency of the proposed budget throughout the process.

Mayor Hinders opened the Public Hearing.

- J.T. Laramore – 30400 S. Soncy, Canyon, TX – Mr. Laramore asked if the City had looked at a way to not lower the effective tax rate in order to save towards new infrastructure / expansion. City Manager Joe Price explained the Legislative role in limiting increasing taxes. Mr. Price stated the City does set aside money each budget for infrastructure improvements.

There being no other comments, Mayor Hinders closed the Public Hearing.

After discussion Mayor Pro-Tem Jones moved, duly seconded by Commissioner Ray that Ordinance No. 1162, effectively increasing the property tax rate by the adoption of a tax rate for maintenance of operations of \$0.373500 per \$100 value, which is effectively a 5 percent increase in the tax rate.” Motion carried 4-1 with Commissioner Lyons voting against.

Mayor Gary Hinders	yes
Mayor Pro-Tem Cody Jones	yes
Commissioner Kelsey Ward	yes
Commissioner Randy Ray	yes
Commissioner Paul Lyons	no

Mayor Pro-Tem Jones moved, duly seconded by Commissioner Ward that Ordinance No. 1162 be approved, adopting a tax rate for debt service of \$0.026660 per \$100 value.” Motion carried 4-1 with Commissioner Lyons voting against.

Mayor Gary Hinders	yes
Mayor Pro-Tem Cody Jones	yes
Commissioner Kelsey Ward	yes
Commissioner Randy Ray	yes
Commissioner Paul Lyons	no

ORDINANCE NO. 1162

AN ORDINANCE OF THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS, FIXING THE AD VALOREM TAX RATE AND PROVIDING FOR THE LEVYING OF AD VALOREM TAXES FOR THE USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT OF THE CITY OF CANYON, TEXAS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2022 AND ENDING SEPTEMBER 30, 2023 AT THE RATE OF \$0.400160 PER ONE HUNDRED DOLLARS (\$100.00), AND FOR DIRECTING THE ASSESSMENT THEREOF; PROVIDING FOR A DATE ON WHICH SUCH TAXES BECOME DUE AND DELINQUENT TOGETHER WITH PENALTIES AND INTEREST THEREON; PROVIDING FOR REPEALING, SAVINGS AND SEVERABILITY CLAUSES; PROVIDING FOR AN EFFECTIVE DATE OF THIS ORDINANCE; AND PROVIDING FOR THE PUBLICATION OF THE CAPTION HEREOF

Item 12. Consider and Take Appropriate Action on Meeting Dates for September 2022.

After discussion, Commissioners agreed to meet one time in September, on Tuesday, September 6, 2022 at 4:30 pm.

Item 13. Executive Session Pursuant to §551.071 Consultation with Attorney, §551.072 Deliberations about Real Property and §551.074 Personnel Matters (City Engineer).

Mayor Hinders indicated the City Commission would adjourn into Executive Session at 6:29 pm.

Item 14. Consider and Take Appropriate Action on Items Discussed in Executive Session.

Upon returning from Executive Session at 7:22 pm, the following action was taken.

Commissioner Ray moved, duly seconded by Commissioner Ward to amend the contract with Brandt Engineers changing the name to Hi-Plains Civil Engineering and extend the contract to a 2 year term. Motion carried unanimously.

Item 15. Adjourn.

There being no further business, Mayor Pro-Tem Jones moved this meeting be adjourned at 7:22 pm.

Gary Hinders, Mayor

ATTEST:

Gretchen Mercer, City Secretary