

**REGULAR MEETING AND BUDGET WORK SESSION  
OF THE CANTON CITY COUNCIL  
6:00 P.M, AUGUST 17, 2021**

Canton City Hall  
201 N. Buffalo, Canton, Texas 75103

**MINUTES**

The Canton City Council met at the above-named date and time in the Canton City Hall. Members present were Mayor Lou Ann Everett and Councilmembers Blake Fowler, Jim Fuller, Chase Melton, Randon Sumner and Nathan Moore.

Also present were City Manager Lonny Cluck, City Secretary Debra Johnson, Finance Director Teri Pruitt, Director of Operations Peter Lamont, Police Chief Brad Allison, Fire Chief Bud Sanford and City Attorney David Ritter

1. CALL MEETING TO ORDER AND DECLARE A QUORUM PRESENT – Mayor Everett called the meeting to order and declared a quorum present at 6:01 p.m.
2. INVOCATION was led by Mayor Everett.
3. PLEDGE OF ALLEGIANCE was led by Mayor Everett.
4. MAYOR'S WELCOME
5. DECLARATIONS REGARDING CONFLICTS OF INTEREST - None
6. PROCLAMATIONS AND ANNOUNCEMENTS – Mayor Everett announced a blood drive at St. Therese Catholic Church on Thursday.

**CITIZENS FORUM**

7. CITIZENS FORUM – CITIZENS ARE INVITED TO SPEAK ON MATTERS RELATING TO CITY GOVERNMENT - None

**CONSENT AGENDA**

8. CONSIDER APPROVAL OF FINANCIAL REPORTS FOR MAY AND JUNE 2021
9. CONSIDER APPROVAL OF MINUTES FOR JULY 20 AND JULY 30, 2021, CITY COUNCIL MEETINGS
10. CONSIDER APPOINTMENT OF VICKI CHAMBLESS TO BOARD OF ADJUSTMENTS TO FILL VACANCIES OF UNEXPIRED TERM
11. CONSIDER APPOINTMENT OF BETSEY MCCARTY AS ALTERNATE TO PLANNING & ZONING COMMISSION
12. CONSIDER APPROVAL OF RESOLUTION NO. 2021-19 APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND

ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2021 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 ATTACHED EXHIBIT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; APPROVING AN ATTACHED EXHIBIT REGARDING AMORTIZATION OF REGULATORY LIABILITY; REQUIRING THE COMPANY TO REIMBURSE ACSC'S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION 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 RESOLUTION TO THE COMPANY AND THE ACSC'S LEGAL COUNSEL

13. CONSIDER ADOPTION OF ORDINANCE NO. 2021-19 AMENDING SECTION 90.03 OF THE CITY OF CANTON, TEXAS, CODE OF ORDINANCES, (AS AMENDED) REGULATING PLACEMENT OF UNDERGROUND CABLE, WIRING, FIBER OPTICS AND TELECOMMUNICATIONS FACILITIES – Councilmember Moore made a motion to approve all items on the Consent Agenda. Councilmember Sumner seconded.

Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve

#### INDIVIDUAL CONSIDERATION

14. PRESENTATION BY PEOPLES REGARDING REQUEST TO PLACE UNDERGROUND FIBER OPTICS LINE INSIDE THE CITY LIMITS

15. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2021-13 FOR A CHANGE OF ZONING FROM RURAL AGRICULTURAL (RA) TO GENERAL BUSINESS DISTRICT (B-2) ON THAT APPROXIMATELY .660 ACRE TRACT OF LAND LOCATED IN THE J. STOCKWELL SURVEY, A-760, AT 215 E. HIGHWAY 243 IN THE CITY OF CANTON, TEXAS, CURRENTLY OWNED BY GARY AND MARCELYN NORRELL REVOCABLE TRUST - Mayor Everett opened the public hearing at 6:08 p.m. Ms. Johnson said there was one letter returned in opposition to the change because they did not want a business operating at this location. There being no other comments, the public hearing was closed at 6:09 p.m. Councilmember Fowler made a motion to adopt Ordinance No. 2021-13. Councilmember Sumner seconded.

Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve

16. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2021-14 FOR A CHANGE OF ZONING FROM GENERAL RURAL AGRICULTURAL (RA) TO GENERAL

BUSINESS DISTRICT (B-2) ON THAT APPROXIMATELY 9.53 ACRES OF LAND LOCATED AT 221 E. HIGHWAY 243 (R525) IN THE CITY OF CANTON, TEXAS, AND CURRENTLY OWNED BY GARY AND MARCELYN NORRELL REVOCABLE TRUST - Mayor Everett opened a public hearing at 6:10 p.m. Ms. Johnson said there were no letters for or against the change from neighboring property owners. There being no further comments, the public hearing was closed at 6:10 p.m. Councilmember Sumner made a motion to adopt Ordinance No. 2021-14. Councilmember Fowler seconded.

Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve

17. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2021-15 AMENDING CANTON COMPREHENSIVE PLAN FUTURE LAND USE MAP FROM RETAIL TO LOW DENSITY RESIDENTIAL ON THAT APPROXIMATELY .570 ACRE-TRACT OF LAND (R307) IDENTIFIED AS LOT 1 OF THE SOUTH BUFFALO STREET ESTATES SUBDIVISION LOCATED AT 1165 S. BUFFALO STREET IN THE CITY OF CANTON, TEXAS, AND CURRENTLY OWNED BY CHHOURNGLY KHENG AND ENG SARAN - Mayor Everett opened a public hearing at 6:22 p.m. There being no comments, the public hearing was closed at 6:23 p.m. Councilmember Moore made a motion to deny the change of the Future Land Use Map from Retail to Low Density Residential at 1165 S. Buffalo Street. Councilmember Sumner seconded.

Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve

18. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2021-16 FOR A CHANGE OF ZONING FROM GENERAL BUSINESS DISTRICT (B-2) TO SINGLE FAMILY DETACHED RESIDENTIAL (R-1) ON THAT APPROXIMATELY .570 ACRE TRACT OF LAND LOCATED IN THE J. STOCKWELL SURVEY, A-760, AT 1165 S. BUFFALO IN THE CITY OF CANTON, TEXAS, CURRENTLY OWNED BY CHHOURNGLY CHENG AND ENG SARAN - Mayor Everett opened a public hearing at 6:24 p.m. There being no comments, the public hearing was closed at 6:25 p.m. Councilmember Moore made a motion to deny the request for change of zoning at 1165 S. Buffalo from General Business District (B-2) to Single Family Detached Residential (R-1). Councilmember Blake seconded.

Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve

19. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2021-17 FOR A SPECIFIC USE PERMIT TO OPERATE A BED & BREAKFAST AT 334 MAGGIE STREET

IN THE CITY OF CANTON, TEXAS, ON PROPERTY ZONED SINGLE FAMILY DETACHED RESIDENTIAL (R-1) AND CURRENTLY OWNED BY JAN ADAMSON

20. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2021-18 FOR A SPECIFIC USE PERMIT TO OPERATE A STORAGE FACILITY AT 1572 SOUTH BUFFALO STREET (R110980) IN THE CITY OF CANTON, TEXAS, ON PROPERTY ZONED GENERAL BUSINESS DISTRICT (B-2) AND CURRENTLY OWNED BY SAVVY STORAGE – Mayor Everett opened a public hearing at 6:27 p.m. There being no comments, the public hearing was closed at 6:27 p.m. Councilmember Fowler made a motion to adopt Ordinance No. 2021-18. Councilmember Moore seconded.

Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve

21. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2021-12 AMENDING THE EXISTING MOBILE FOOD TRUCK ORDINANCE - Mayor Everett opened a public hearing at 6:30 p.m. Ms. Seymore requested Council lower the fee for special events from \$50 to \$25. The public hearing was closed at 6:33 p.m. Councilmember Fowler made a motion to adopt Ordinance No. 2021-12 including the change for appeals to go to the Board of Adjustment and reducing the special event fee for city-related events from \$50 to \$25. Councilmember Sumner seconded.

Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve

22. PUBLIC HEARING AND CONSIDER ADOPTION OF ORDINANCE NO. 2021-11 ADOPTING A NEW COMPREHENSIVE SUBDIVISION ORDINANCE FOR THE CITY OF CANTON - Mayor Everett opened a public hearing at 6:36 p.m. There being no comments, the public hearing was closed at 6:37 p.m. Councilmember Moore made a motion to adopt Ordinance No. 2021-11. Councilmember Fowler seconded.

Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve

23. REVIEW AND DISCUSS TDA SECTION 3 PRESENTATION AS REQUIRED BY TEXAS DEPARTMENT OF AGRICULTURE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS NOS. 7219092 AND 7220080 – This item was provided to Council for their review.

24. CONSIDER APPROVAL OF CONTRACT FOR UTILITY IMPROVEMENTS ON PECAN STREET UNDER TEXAS DEPARTMENT OF AGRICULTURE TXCDBG CONTRACT NO. 7220080

The following bids were received:

Morrow Construction	\$256,489.12
Capps Capco	\$284,553.77

Councilmember Sumner made a motion to approve the contract with Morrow Construction in the amount of \$256,489.12. Councilmember Moore seconded.

Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve

25. CITY MANAGEMENT REPORTS

- A. FIRST MONDAY – Mr. Stewart reported to Council First Monday was at \$2,000,000 year to date. Mr. Cluck said revenue from all the Trade Centers was up.
- B. MARKETING – Austin Melton reported spending \$4,000 on Facebook advertising. The reach on Facebook was 487,000 with 227,000 on Instagram.
- C. OTHER ITEMS

**EXECUTIVE SESSION**

**In accordance with the authority contained in the Texas Government Code, Chapter 551, including but not limited to, Sections 551.071, 551.072, 551.074 and 551.087. Council will convene in closed or executive session to discuss the following matters.**

Mayor Everett called and recess to be followed by the Executive Session at 6:47 p.m.

- 26. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING ECONOMIC DEVELOPMENT NEGOTIATIONS (Section 551.087) REGARDING THE FOLLOWING: Section 551.087 – to deliberate commercial or financial information the CEDC has received from a business prospect, and to deliberate the offer of a financial or other incentive for Southern Brew Coffee Company LLC; 3 B's Imports, LLC; JTS Operations, LLC; and Project Bluegreen Development, and other business prospects, including but not limited to, a mixed-use development project, a local business retention and expansion project, a local capital investment project, a downtown retail rent subsidy prospect, and recruitment of new commercial, industrial, retail, restaurant, hospitality, and family entertainment prospects.
- 27. EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY REGARDING EXISTING OR POTENTIAL LITIGATION (Section 551.071) – (1) DUSTIN REYNOLDS VS. MICHAEL KING ET AL, CAUSE NO. 20-CV-575 IN THE U.S. DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS); AND (2) BARNEY DONALSON JR. VS. LONNY CLUCK, CAUSE NO. 21-00088 IN THE 294<sup>TH</sup> DISTRICT COURT OF VAN ZANDT COUNTY, TEXAS
- 28. EXECUTIVE SESSION FOR CONSULTATION WITH ATTORNEY RE ENCROACHMENT ON CITY PROPERTY AT FIRST MONDAY GROUNDS (Section 551.071)
- 29. EXECUTIVE SESSION FOR DELIBERATIONS REGARDING POTENTIAL PURCHASE OF REAL PROPERTY (Section 551.072)

## RETURN TO OPEN SESSION

Council reconvened into Open Session at 7:15 p.m.

30. CONDUCT FIRST READING AND DISCUSS RESOLUTION NO. 2021-20 APPROVING AND AUTHORIZING A PERFORMANCE AGREEMENT WITH SOUTHERN BREW COFFEE COMPANY, LLC – Mayor Everett read the caption for Resolution No. 2021-20.
31. CONDUCT SECOND READING AND CONSIDER ADOPTION OF RESOLUTION NO. 2021-20 APPROVING AND AUTHORIZING A PERFORMANCE AGREEMENT WITH SOUTHERN BREW COFFEE COMPANY, LLC – Mayor Everett read the caption for Resolution No. 2021-20 a second time. Councilmember Moore made a motion to adopt Resolution No. 2021-20. Councilmember Sumner seconded.  
  
Council Member - Nathan Moore: Approve  
Mayor Pro Tem - Randon Sumner: Approve  
Council Member - Chase Melton: Approve  
Council Member - Blake Fowler: Approve  
Council Member - Jim Fuller: Approve
32. CONDUCT FIRST READING AND DISCUSS RESOLUTION NO. 2021-22 APPROVING AND AUTHORIZING A PERFORMANCE AGREEMENT WITH JTS OPERATIONS, LLC
33. CONDUCT SECOND READING AND CONSIDER ADOPTION OF RESOLUTION NO. 2021-22 APPROVING AND AUTHORIZING A PERFORMANCE AGREEMENT WITH JTS OPERATIONS, LLC
34. ITEMS FOR FUTURE AGENDAS – The Mayor requested the 9-1-1 contract be on the next special meeting agenda and the CYRA ballpark on the next regular meeting agenda.

## WORK SESSION

Mr. Ritter left the meeting at 7:18 p.m.

35. WORK SESSION ON PROPOSED BUDGET FOR FISCAL YEAR 2021-2022
  - A. PRESENTATION OF CEDC/MAIN STREET/CVB BUDGETS – Julie Seymore presented the budget for the Canton Economic Development Corporation. They had a projected ending balance of \$1,993,880. Of that, \$308,570 was operating expenses, \$278,500 for incentive projects and \$235,000 for the Wayfinding sign project. They projected \$1,100,000 in sales tax income and anticipated the sale of property for \$609,000 during the next fiscal year. Ms. Seymore said the operating budget included \$181,670 for salaries and benefits; 3% cost-of-living raise and 2% for adjustments; \$4000 for supplies. The biggest operating expenses after salaries was contractual - \$60,000 for professional services, which included the audit, retail recruitment, impact software and other contracts. Travel and Meals for Trade Shows and recruitment trips was \$18,000; maintenance for the pocket park and property mowing was \$12,700 and \$600 for miscellaneous.

Ms. Seymore reported the project budget was \$613,000. They needed to recertify Canton as a Certified Retirement Community at a cost of \$5,000. They budgeted

\$3,000 to hold job fairs and workforce training. The Wayfinding Project was \$235,000. The upkeep for Mill Creek Lake Trails was \$10,000. They budgeted \$360,000 for property acquisition. Economic Development Agreements totaled \$501,000, \$278,000 of which was committed. \$50,000 was set aside for retail recruitment. They budgeted \$22,500 for three downtown rent-subsidy agreements. They planned to spend \$10,000 for Main Street for façade improvements.

Councilmember Moore asked if salary and benefits were going up equal to staff salary and benefits as a percentage. Ms. Seymore said she had budgeted for 3% COLA and 2% for adjustments. Councilmember Moore said there was a 5.6% increase last year. Councilmember Moore said it wanted to make sure CEDC raises were consistent with City Staff raises. Councilmember Melton agreed.

Ms. Seymore explained they spent an additional \$10,000 on the airport this year and did not budget anything for next year.

Ms. Seymore said the Wayfinding signage would be for signage all over town. It would include the truck route and particular places around town. It was a new project.

Councilmember Melton asked who in the CEDC office was receiving a 5% raise. Ms. Seymore said the President said to include 3% plus 1% for her and the CVB Coordinator, 6% for the marketing coordinator and 6.5% for the Assistant CEDC Director. Councilmember Moore said he wanted to make sure the CEDC raises were consistent with the City's. Mr. Cluck said the City raises were pretty close to 3%. One department as just getting 2%. He had made adjustments in departments where he had trouble keeping employees.

Councilmember Moore asked what type of professional services were contractual. Ms. Seymore said \$36,000 was for Retail Attractions; \$3,500 for the audit; \$10,000 for Next Site; and \$5,000 for impact software. Ms. Seymore said Retail Attractions had brought Bluegreen Development to the City. Ms. Seymore said they had paid an estimated \$14,000 in legal fees for Bluegreen Development.

Councilmember Moore asked what was included in the marketing budget of \$3,000. Ms. Seymore said \$30,000 was for Audience Media and \$18,000 was Digital Marketing. The NETX Economic Alliance was four communities who met with prospects to bring them into their community.

Ms. Seymore confirmed a contract had been signed on the Wayfinding Signs. She said the EDC had no plans to replace the Civic Center sign.

Ms. Seymore said they still had a contract with the owner of the Eubank Building. They had already opened Sweet Teas in that space.

Ms. Seymore said the projection for sales taxes was \$1,100,000, which was an increase. She said Canton had seen a big growth in retail businesses – Burger King, Panda Express, Duke's Travel Center, Q and Brew, Ranchers Wife, Schlotzkys.

Ms. Seymore said the Fund Balance for the Visitors Bureau was \$300,000. Operating Expenses were \$156,000. Advertising was budgeted at \$234,500 and \$15,000 was in

transfers. The revenue was mostly from motel tax. Hotel tax was up 40% from last year. Most of that revenue came from the five major hotels.

Ms. Seymore said the City paid \$140,000 for marketing coordinator for First Monday. Expenses included \$125,270 on payroll and benefits; \$7,000 in supplies; \$21,300 for contractual; \$2,600 for office equipment and \$2,000 for community projects.

Austin Melton said they planned to do live remotes at First Monday again. They did print ads in Barebones, Texas State Travel Guide, Canton Line Travel Guide, a First Monday booklet, Northeast Texas Tourism Guide, the telephone guide and the chamber guide. He said there was no longer a billboard on I-20 at Terrell.

Julie Seymore said the Main Street budget had \$57,600 in and \$57,575 out. It received \$10,000 from Revenue from EDC to help with grants. That also had \$7,000 transferred in from the CVB and the CEDC. They made \$16,000 from special events. They spent \$7,800 on beautification projects. They spent \$8,000 for banner change outs and replacing lightbulbs on tops of buildings. They also were going to spend \$6,500 on the Courthouse lighting which would come from private donations.

- B. WATER / WASTEWATER RATES
- C. GARBAGE RATES
- D. CAPITAL PROJECTS
- E. PAYROLL
- F. TAX RATE
- G. FEE SCHEDULE
- H. FIRST MONDAY
- I. CAPITAL PROJECTS
- J. CITY EXPENDITURES ON NON-CITY RELATED ENTITIES (INCLUDING BUT NOT LIMITED TO VAN ZANDT COUNTY VETERANS MEMORIAL; SENIOR CITIZENS BUILDING; SOCCER ASSOCIATION; CYRA BALL PARK; POHL PROPERTY; CANTON TRAILRIDERS; BLACKWELL HOUSES; VAN ZANDT COUNTY LIBRARY; QUILT GUILD; MEALS ON WHEELS; PLAZA MUSEUM) AND RELATED CONTRACTS/AGREEMENTS
- K. OTHER
- L. QUESTIONS / CHANGES

36. ADJOURN - There being no further business to discuss, the meeting was adjourned at 8:17 p.m.