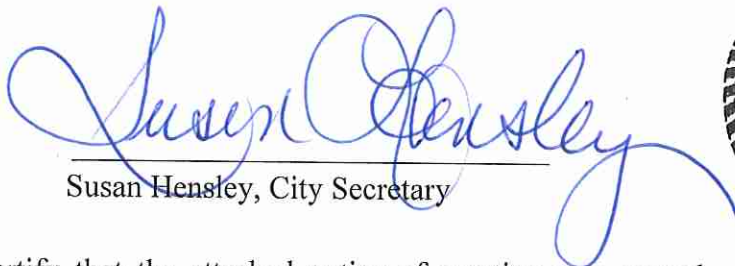


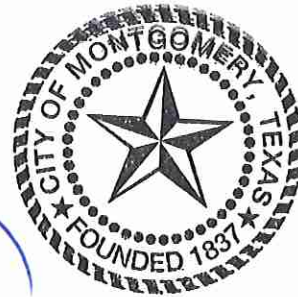
NOTICE OF MEETING

Montgomery Capital Improvement Advisory Committee

Notice is hereby given that the Montgomery Capital Improvement Advisory Committee, will hold a meeting at 1:00 p.m. on Wednesday, September 20, 2017 at Montgomery City Hall, 101 Old Plantersville Road, in Montgomery, Texas for the purpose of considering the following:

1. Call to Order
2. Approval of minutes from the meeting held on November 2, 2016, and Joint Public Hearing (with City Council) held on December 13, 2016.
3. Semi-Annual Review of Impact Fees:
 - a. Discussion on the progress of the Capital Improvements Plan and discuss any perceived inequities in implementing the Capital Improvement Plan or imposing the Impact Fee.
 - b. Discussion and possible action regarding preparation and presentation of report to City Council on the progress of the Capital Improvements Plan and any perceived inequities in implementing the Capital Improvement Plan or imposing the Impact Fee.
4. Adjourn


Susan Hensley, City Secretary



I certify that the attached notice of meeting was posted on the bulletin board at City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas, on the 15th day of September 2017 at 2:45 o'clock p.m. I further certify that the following news media was notified of this meeting as stated above: The Courier

This facility is wheelchair accessible and accessible parking spaces are available. Please contact the City Secretary's office at 936-597-6434 for further information or for special accommodations.

MINUTES OF MEETING

November 2, 2016

MONTGOMERY CAPITAL IMPROVEMENT ADVISORY COMMITTEE

CALL TO ORDER

Chairman, Nelson Cox, declared a quorum was present, and called the meeting to order at 1:05 p.m.

| | | |
|----------|-----------------|------------------|
| Present: | Nelson Cox | Chairperson |
| | Randy Burleigh | Vice Chairperson |
| | Jennifer Brown | Secretary |
| | Jeffrey Waddell | Committee Member |
| | Chris Cheatham | Committee Member |

Absent:

| | | |
|---------------|----------------|---------------------|
| Also Present: | Jack Yates | City Administrator |
| | Glynn Fleming | City Engineer |
| | Ed Shackelford | City Engineer |
| | Rebecca Huss | City Council Member |
| | Susan Hensley | City Secretary |

CONSIDERATION AND POSSIBLE ACTION:

1. Approval of minutes from the meeting held on October 7, 2016.

Mr. Burleigh said that he wanted to make sure that all their comments were included in comments to be passed on to City Council. Mr. Burleigh said that the comments that they had discussed were that some of the engineering projects were based on what little data that they could get from the contractor. Ms. Hensley, City Secretary, advised that was on Page 2 and 3. Mr. Burleigh said that was the information regarding the Sewer Plant and he was talking about the Lift Station data, but said that it could go with that information that was stated because it is really the same thing.

Mr. Fleming said that it was important to note that of all the projects that appear on the Capital Improvement Plant ("CIP"), none of those projects change in necessity or scope, with the exception of the Waste Water Treatment Plant, based on whatever anomaly variations there are in the utility data. Mr. Fleming said that regardless of the flows they reported or are currently reporting, all of these projects remain necessary. Mr. Fleming said that the only one that changes, and does not change its scope, but changes the timing is the Waste Water Treatment Plant Expansion. Mr. Fleming advised that the Waste Water Plant expansion is directly predicated upon or timed upon what the return flows are coming back to the plant. Mr. Burleigh said that once the engineers start sharpening their pencils to get all that information right, he personally thought that it would change some of the design on some of those projects.

Rebecca Huss said that while it might not be a sharpening of the pencils sort of thing, it might be a direct impact if they fix loss somewhere, it will have a direct impact on what flows actually are at that moment, which might push up the timing of changes.

Mr. Fleming said that the numbers that are currently being reported by the Utility Operator, if anything, is probably low in terms of waste water.

Rebecca Huss said that Mr. Burleigh was right, the numbers were really high. Then, they adjusted the timing of when they did it because they were doing it, basically, at 8:30 in the morning when everyone's flushing at the same time and then multiplying by 24 hours and getting a really large number and now their number seems a little small. Mr. Burleigh said that it was about 200% off and was a big difference. Mr. Fleming said that ultimately, he thought that what they were referring to was, at some point, they would like to go in and install some third-party metering devices around town to better gauge not just what is reaching the plant, but what is coming from various portions of the City at various times of the day. Mr. Burleigh said that he guessed it was up to Council, to look at the projects as far as which one goes first and how they do it to be sure they are getting our money's worth for the rest of them versus putting extra capacity in early. Rebecca Huss said that she thought that Mr. Yate's natural inclination, as well as the current Council, is to not

spend money if they don't have to, and they are definitely not rubber-stamping everything Jones and Carter suggests.

Mr. Fleming said that is absolutely a duty that falls on the City Administration and City Council, but both where we are now and moving forward, this Committee has a pretty large role in that. Mr. Fleming said that at the last Council meeting, Council adopted the Capital Improvements Plan that we've talked about over the last few months. Mr. Fleming said that they have talked about how the Local Government Code tells us, as part of our ongoing management, that maintenance and this Impact Fee Ordinance that will eventually be adopted, has to be continually looked at, reevaluating and updating, if necessary the Capital Improvements Plan. Mr. Fleming said that at a minimum, they have to do that every five years and that clock has already started ticking, they are already into that time. That began when Council adopted the CIP last Tuesday night.

Mr. Fleming said that the period of growth that they are entering into right now is going to be rapid and protracted. Mr. Fleming said that he thought they we're going to meet much more frequently than that to reevaluate that CIP, shuffle projects in terms of priority, take projects off the list, and add projects to the list.

Rebecca Huss said that she thought it is also important, in context of what's been happening with the SJRA and the Lone Star Groundwater Conservation District. Rebecca Huss said that she thinks that this Committee has a really important role to guide the City. Mr. Fleming said this committee is the stewards of the Impact Fee Ordinance and of the land use assumptions and the Capital Improvement Plan that goes with it. Mr. Fleming said that any recommendations that go to Council are initiated right here.

Rebecca Huss advised that the City decided to make our own Groundwater Reduction Plan ("GRP") and everyone else pretty much signed on with the SGRA's GRP and they're paying \$2.30 or \$2.50 per thousand gallons on top of that of their water fees in order to pay for the GRP fees. Rebecca Huss advised that starting in January, we will not be paying anyone for groundwater reduction, and we will have our own plan.

The Chairman asked to continue with the action regarding the minutes.

Jennifer Brown moved to approve the minutes as presented. Jeffrey Waddell seconded the motion, the motion carried unanimously. (5-0)

2. Discussion and possible action regarding the following:

a) Draft Impact Fee Analysis

Mr. Glynn Fleming, City Engineer, presented the draft report to the Committee. A copy is attached to the minutes.

Mr. Fleming said that after they talked about land use assumptions and CIP at the last meeting, those went before City Council and there was a Public Hearing last Tuesday evening, which was actually fantastic. Mr. Fleming said that it turned into a little bit more of a Town Hall type setting and there were some good questions asked and answered, and a lot of good information was provided.

Mr. Fleming said that the Council subsequently adopted the Resolutions accepting the land use assumptions that they talked about in the CIP. Mr. Fleming said that both of those are now set, which is what the Final Report will be predicated upon.

Mr. Fleming said the last few steps remaining for this meeting today will be to finalize any comments that you'll have about the Impact Fee Analysis Report. Mr. Fleming said that later this week, notice of the next Public Hearing will be published. Mr. Fleming said that Public Hearing is slated to be held on December 13, 2016. Ms. Hensley advised that it would be a Joint Public Hearing with City Council and they meet at the same time. Mr. Burleigh said that he would not be able to attend the Public Hearing because he will be out of the Country and asked if they would need a quorum. Ms. Hensley advised that she would check on that information.

b) Filing of Committee's written comments on Impact Fees

Mr. Fleming said that the second item that he had provided the Committee was a copy of the letter that went to City Council in advance of their meeting last week, which is a summary of written recommendations regarding the Land Use Assumptions in the CIP.

Mr. Fleming said that to recap on those items, what we agreed upon, was for simplicity sake especially in an area like Montgomery where they are largely dealing with a blank slate right now. Mr. Fleming said that they do not have a clear picture of how things will develop. Mr. Fleming said that probably the most effective thing to do is to adopt one system wide use area and one system wide Impact Fee, so that's what we've done. Mr. Fleming said they look at everything being lumped into the same pile, from a development stand point so there is only one Impact Fee for City staff to track. Mr. Fleming said that second to the Impact Fee is the adoption of the CIP, which they have talked about at some length, which is the list of projects, both on the water side and the wastewater side that are needed to serve some of the new development that is coming and that are already here. Mr. Fleming said that is the list that the draft report was predicated upon with each one of those being reimbursable either in full or in part from the Impact Fee collected. Mr. Fleming said that both of those were accepted by City Council.

Mr. Fleming said that he wants to show the Committee a copy of the letter that went to City Council in advance of the meeting. Mr. Fleming said that the deliverables that will go to them in advance of the December 13th Meeting, will be the report that we have in final form and a similar letter, stating whatever written comments or recommendations come out of this meeting today will also go to City Council.

Mr. Fleming said that a public, lengthier explanation, as requested both by this body and by a couple members of City Council who would like to see a sort of written synopsis from him in terms of what the entire process is, how we went start to finish, will go to City Council as well.

Mr. Fleming said that, with that said, they could delve into the draft report a little bit and see if there's anything in there that we need to revisit, any questions they need to answer or any comments you have now or that you had a couple of months to go through the information.

Rebecca Huss said that she had given her feedback that she thought that the summary, in the beginning, might have included a little bit more of the philosophical reasons for this type of activity in terms of growth, cost money, and the cost should be borne by,

either the new buildings or the developers who are doing it, instead the existing residents who don't benefit monetarily anyway from the development. Mr. Fleming said that he agreed, and said that was a valid point in recognizing that his will be attached to the actual Impact Fee Ordinance itself. Rebecca Huss said that she thought that by making it much more layman friendly and straightforward as in cost, payment sort of things would make it, makes it seem less like a tax and more like a payment of expenses. Mr. Burleigh asked if they were talking about the executive summon in the package. Mr. Burleigh said that it mentions a 10-year planning period and all the stuff we're looking at is for 5 years. Mr. Burleigh asked if they looked 10 years out, could that affect the Impact Fee. Mr. Fleming said that he thought they would be updating annually, if not twice a year, to reevaluate the list. Mr. Burleigh said that the 10-year is dictated from Chapter 395. Mr. Fleming said that was correct.

Rebecca Huss said that she thought that what they are worried about is having too big of a numerator, but the denominator changes as well every time you do it because you are dividing your cost by the number of equivalents. So, if they come up with this number and each equivalent has to grow in \$2,000 to \$3,000 dollars per connection, if nobody connects, then there's no money collected. Rebecca Huss said that if growth ends up being more than that, then she would assume that the denominator is wrong and you collect more money, and could put that towards additional Capital Projects that you will be to the capacity that you've assumed than the original five-year plan.

Mr. Fleming said that one of the big deltas here is the population projections; those come to us from the Water Development Board, Region 8 Planning Group. Mr. Fleming said that they have seen them historically be pretty accurate for some of the other areas in the county, but again they are dealing with such a blank slate here that who knows how quickly that comes, exactly how it takes shape. Mr. Burleigh said that when they did the GRP work in 2010-2011 they did not use their data because they were real flakey. Mr. Fleming said that he would not say that it is flakey, but things happen that no one can anticipate, like the economic recession we experienced, which certainly played into the fact that things here have not developed quite as rapidly as everyone thought. Mr. Fleming said that was one reason he had said that he thought they would be revisiting this information at least annually, if not twice a year.

Mr. Burleigh asked if there were any comments made at the meeting regarding revenue. Ms. Brown said that she did not think that it was revenue, it was paying back debt. Mr. Burleigh said that it is revenue and it would be in a separate account. Rebecca Huss said that City Council did not talk about where to put the funds, but they did talk about what happens if collections are less than what expenditures are and the City has to lump it because of the expense and if the project has to be done, it has to be done. Mr. Burleigh said that what they looked at, earlier on, when they first started talking was a lot of the areas they talked about developing are exempt from the Impact Fee. Mr. Burleigh said that when they move forward with the Impact Fee projects, he was curious of how much they estimated they may get in revenue. Mr. Fleming said that he still had not tied that down, and when he started looking at it, the delta in that number was going to be so wide, he did not know that it was something that he even wanted to put out or really start to talk about. Mr. Fleming said that they know exactly how much area is inside the City limits here, and one of the big variables though, is how does that develop, is it commercial or multi-family, or single family.

Mr. Fleming said that in the case of single family development, the Code right now mandates that they have a 9,000-square foot wall. Yet, what they are seeing, is the lion's share of developments coming before the Planning and Zoning Commission, one of the very first things that they request is a variance from that requirement. Mr. Fleming said that they have not established what the average is going to be or what the bare minimum is that the Planning and Zoning Commission and the City Council have a tolerance for. Mr. Waddell said that a lot has to do with the demand at the time, because a lot of people don't want the big lots, they want low maintenance.

Mr. Fleming said that the Impact Fee is predicated off the standard residential meter size, a 5/8 inch meter, the impact fee for that is \$4,045 which is easy to identify, but the big question is, on this plot of land are we going to have 50 connections or 250 connections.

Mr. Burleigh said that he looked at Mr. Fleming's attachments where all your future connections are, where you think they are going to be at, and looked at your Zoning Map of which ones are exempt and which ones are not. Mr. Burleigh said that using all Mr. Fleming's calculations, the new ones and the ones that were not exempt, and that

should leave you with a number of connections that would be charged the Impact Fee, just like the rest of your analysis, it should give you a number. Mr. Fleming said that he understood that, and yes it gives you a rough number. Mr. Burleigh said that the City will need that in the future when they are getting ready to borrow money, they will need a ballpark figure on how much they will need to get from bonds or other means.

Mr. Fleming said that, on paper, they are already beyond capacity in terms of our ability to distribute water to the existing connections we have. Mr. Fleming said that part of the beauty of the Impact Fee is once we begin to collect this money, we put it into our account, we have the ability to ear mark it for a number of things, whether it's new projects or repaying debt on projects that are on that CIP but have already been completed.

Mr. Burleigh said that this information tells us the Impact Fee is not going to do very much for our future. Ms. Brown asked what their alternative was. Mr. Burleigh said that people talk about Impact Fees and they should be asking how much we are we going to get from the Impact Fee. Mr. Burleigh said that all these numbers are guesstimates, no different than what he is asking for.

Mr. Fleming said that he understood what Mr. Burleigh was saying, and maybe, the best way to accomplish what he is saying, or the most conservative way to look at it, is every one of those connections is going to be a single family meter, a 5/8 inch meter, which is going to give you the lowest, most conservative number. Mr. Fleming said that there are two things at play here, we know we are seeing variance requests coming regarding lots size, for every single single-family development, that comes in; that number is probably going to increase. Mr. Fleming stated that second, not all of the development will be single family taps, and we have no idea what that number is. Some of them, probably even a lion share of them, will be single family taps, and some will be commercial connections, which might be a two-inch, that might be a four-inch, that might be a six, an eight, some combination thereof. Mr. Fleming said that the Impact Fee assigned to that size meter, grows exponentially throughout that list, if we go back to our report, where that 5/8 inch meter, they will collect \$4,045 for, that 8-inch meter which is going to be a large scale commercial account, that number goes to \$485,000; now that number again, that delta is swinging wildly. Mr. Fleming said that he thinks

the most conservative way to approach it, is say that number of 1,700 connections are all 5-inch, meters and that is it, that is the bare minimum they can hope to recoup.

Mr. Burleigh said that he heard what Mr. Fleming was saying but, he would try and come up with a percent number for him. Mr. Fleming said that he understood, which is why they chose a system-wide feed, as opposed to try and develop individual Land Use Assumptions, because we have no idea.

Mr. Burleigh said that all these new places that they are thinking are going to be added to our water system in the future, a lot of them aren't going to be affected by the Impact Fee. Rebecca Huss said that does not mean they don't pay tap fees. Mr. Fleming said that they have a very well-defined 850 acres square that we know that is exempt from this Impact Fee, but everything else within the City limits, and everything out there in the ETJ is not exempt from this. Mr. Fleming said that it is real easy to look at what used to be a square here and get a good idea of what we might hope to gain from this, or we start to look at the whole area of the ETJ; sky's the limit. Ms. Brown said that Mr. Fleming can give you a number, but will look ridiculous if he is way off and we just do not know. Mr. Burleigh said all these numbers are the same way. Mr. Burleigh said that he is asking from the day that he gave everybody in this room, based on all these projects that we think we are going to go, that data., what percentage of that data, do we think we're going to get Impact Fees from. Mr. Burleigh said that it is a very simple question and it is very easily doable. Mr. Burleigh said you can look at the percentages where it says 360 new residential home connections, he has the maps on which areas will have the houses, and a lot of these areas are exempt. Mr. Burleigh said that he is asking about the Impact Fees only, not in the future, not what we actually do, the numbers we're using for all this analysis, those same numbers. Ms. Brown said that what Mr. Burleigh is saying is what numbers they already have documented to be developed.

Mr. Burleigh said that an example, is we have a new school here, Night Grade Campus, that is going to have 5,200 gallons a day, but they are exempt so you scratch it off. Mr. Burleigh said that it was easy, if you go through this whole list, in this package, and take off all the new development that are exempt on the development map, and the only

ones that are left can be charged Impact Fees. Mr. Burleigh said that will give you a rough percent or idea.

Rebecca Huss said that maybe a solution would be to make the point that the Impact Fees do not pay for all the infrastructure investment that will be needed to fund growth in the future and that it's really a first step. Mr. Burleigh said exactly, because he did not want some of the people to say Impact Fees are going to save Montgomery. Mr. Burleigh said that most of this money, he was pretty sure, is going to be coming out of our pocket. Ms. Brown said that there are also laws where 30% can be collected. Mr. Burleigh said that if you had these developments, they have waivers and you can't charge an Impact Fee. Mr. Burleigh said that there was not a lot left on the map that are on the page for future connections that we can charge Impact Fees. Mr. Fleming said that what Mr. Burleigh is saying is a very valid point, and yes, it can be included in the executive summary that this is, by no means, panacea for an important decision. Mr. Fleming said that it will take a long term combined effort from Impact Fees, from the increases to the water and sewer rates, and the gained AV that the City is going to get from all these rooftops, the commercial development that's here, is all taken collectively over long term is what it's going to take to get the City out of the hole from an infrastructure standpoint. Mr. Waddell said that it was just another piece of the puzzle. Mr. Burleigh said that he thought the feeling we got from that afternoon was that the Impact Fees in general work best when you've got long sightedness and plan ahead and have time, but also have a pretty steady growth. Mr. Waddell said that it is not really even worth all the effort unless you're going to really have some growth, which it looks like that is where we are at now.

Rebecca Huss asked Mr. Yates how much Kroger paid in tap fees. Mr. Yates advised that it was approximately \$46,000. Mr. Burleigh asked if that fee went into a special account to pay for the projects. Mr. Yates said, no, it goes into the Utility Fund.

Mr. Burleigh said that he did not want to waste time but he guessed the key is, he would like to have something in the report about making the public understand that the Impact Fee is not a Trojan horse. Mr. Burleigh said that they have about \$26 million dollars for the costs of these projects. Mr. Burleigh said he thinks there needs to be something

said about the Impact Fees being a small portion of that. Rebecca Huss said that the Impact Fees will not raise \$26 million dollars.

Mr. Waddell said that the other important thing is to plan ahead. Mr. Burleigh said that the figures include both Kroger and HEB and they almost equal, probably 85% percent, of what the City does today.

Mr. Burleigh said that the water rate increases were approved and will be in the next water bill. Rebecca Huss said that for 130 + citizens there will be no change, rate wise. Rebecca Huss said that the increase is to pay for some of the shortfalls that have been identified.

Rebecca Huss said that the summary is the place that needs work, and it is more of philosophical nature than a specific thing, such as, this project or that project, but really why we are doing it, what it means, the duty for the body and for City Council going forward in terms of being good stewards and not going crazy and spending money you don't have.

Ms. Brown advised Mr. Burleigh that the report says approximately \$14 million of the \$26 million projected to be eligible for recovery, and asked to confirm that was not the information that he was asking for. Mr. Burleigh said yes, you think of the \$26 million as almost 50% percent, and he felt that it should be less than 50% percent. Mr. Fleming said that was based off of anticipating a number of connections. Mr. Fleming said that each one of those projects have to be looked at as a standalone. Mr. Fleming said that they have to ask how much of the project is needed or necessitated directly by this new growth that's coming and how much of it affects existing issues.

Chairman Cox asked if, at the Public Hearing they would have an initial statement to make it easier for everyone to understand what is going on. Mr. Yates said that he would be preparing a press release that can be posted on the web site and included in the water bills. Mr. Fleming said that for the existing resident that has been in their home for 5-20 years and will be hear in the future, this will not impact them, this is for the Kroger and McCoy's and master planned communities of the world that are yet to come. Mr. Burleigh asked if that was a true statement. Mr. Fleming said that was absolutely a true statement. Mr. Burleigh said that if they put all these projects in, it

will affect everybody in this room as far as what they pay on their monthly bill and taxes. Mr. Fleming said that he was talking about Impact Fees. Mr. Fleming said that the Public Hearing to be held on December 13 will be regarding the adoption of an Impact Fee that is an assessment against new development that's yet to come, not against an existing resident of the City of Montgomery. Mr. Fleming said that from the time the Impact Fee Ordinance is adopted, there is a 12-month moratorium before the fees can actually be assessed. Mr. Yates said that they will need a paragraph in the document that would state how they are going to pay for, in totality.

Mr. Fleming said that this information has been part of the conversation for the entire two years of his tenure with the City, of collectively everything that the City has done from the rate analysis to taking a hard look at the water and sewer system, to raising the water and sewer rates, to the fact that they are pursuing both grant funding and low interest loans from the Texas Water Development Board. Mr. Fleming said that there has been a lot of information out in the public about this, in the Courier, water bills and a lot of discussion at City Council Meetings, so he thinks the City has been very transparent about the entirety of this from the beginning and will continue to be so moving forward.

Rebecca Huss said that there is really nothing that changes how we got here, which is that the water and sewer system has been severely underfunded, with the exception of the Catahoula Well and the Stewart Creek Sewage Treatment Plant. Rebecca Huss said that there were years where no maintenance was done, and they considered them profitable years, but everyone knows that even if you are not paying for maintenance, it is still piling up. Rebecca Huss said that it is going to cost money to get to where the City needs to be.

Chairman Cox asked if they needed to take this information in two parts, A and B, as far as an action item if they want to recommend that this goes to City Council. Mr. Fleming said that he thought that they should approach this exactly as they did in the last meeting, when they acted on the written comments to City Council regarding land use assumptions. Mr. Fleming said that he had gotten some very good comments from the Committee today, and it sounds like, by and large the content of the report, everyone was comfortable with the numbers in the report and the assessed charges, they would

just like to see the executive summary and front end statement cleaned up. Ms. Brown said that she would like it to in laymen's terms so that it is easy for everyone to understand. Mr. Fleming said that they would approach this as they did at that last meeting, which is to authorize him to put together a summary like he presented to the Committee today on City letterhead of what went to City Council the last time. Mr. Fleming said that he would pass the information through the Chairman, for his review and if approved, sign. Chairman Cox stated that he was just a team member, so if the Committee was in favor of the information, he would sign the letter.

Ms. Brown asked if the Committee would meet again before December 13th. Mr. Fleming said that they would not be meeting again prior to December 13th, and said that he did not think that there was a need to meet again at this time. Mr. Fleming said that whatever written comments are generated will have to go to City Council in a minimum of five (5) business days prior to that meeting, which would have us delivering the information to City Council on December 6th. Mr. Fleming said that if the Committee would like to see the final draft of the report, with the revised Executive Summary, he would be happy to send out via email for one last review. Ms. Brown asked if the report would go to City Council and then, if approved, they would decide to adopt it. Mr. Fleming said that the adoption of the ordinance would follow immediately after the Public Hearing. Mr. Fleming said that there would be two items on the Agenda, first the Public Hearing, and then adoption of the Impact Fee Ordinance. Ms. Brown moved to incorporate the notes into the Executive Summary. Mr. Burleigh seconded the motion, the motion carried unanimously. (5-0)

4. Discussion and possible action regarding Committee Meeting schedule.

Mr. Fleming advised the Committee that the next meeting will probably be targeted during the first or second quarter of next year. Mr. Fleming said that they have talked a lot about a facilities tour, and from his point of view, they are in the good time of year for the facilities tour, between now and the end of the year. Mr. Fleming said that Ms. Hensley will send out some proposed dates in the next couple of weeks. Rebecca Huss asked if that had to be a published meeting. Ms. Hensley said that they can post a Notice of Potential Quorum for the tour, because they will not be discussing any business, and

it can state that it is for a tour. Mr. Fleming said that there will be no action items for the tour, but he would like to invite the City Council, Planning and Zoning Commission, and the Montgomery EDC to attend with the Committee. Mr. Fleming said that they will send out some different dates and times for the tour. Mr. Burleigh asked if Mr. Fleming, legally, could be able to point out the locations of some of the projects. Mr. Fleming advised that there would be no discussion or action to occur during the tour, but they could ask questions.

5. Adjourn

Mr. Waddell moved to adjourn the meeting at 2:37 p.m. Mr. Burleigh seconded the motion, the motion carried unanimously. (5-0)

Submitted by:



Susan Hensley, City Secretary

Date Approved: _____

Nelson Cox, Chairman

MINUTES OF PUBLIC HEARINGS and REGULAR MEETING

December 13, 2016

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Kirk Jones declared a quorum was present, and called the meeting to order at 6:03 p.m.

Present: Kirk Jones Mayor
 Jon Bickford City Council Place # 1
 John Champagne, Jr. City Council Place # 2
 T.J. Wilkerson City Council Place # 3
 Rebecca Huss City Council Place # 4
 Dave McCorquodale City Council Place # 5

Absent:

Also Present: Jack Yates City Administrator
 Larry Foerster City Attorney
 Nelson Cox Chairman, Capital Improvement Advisory Committee
 Jennifer Brown Secretary, Capital Improvement Advisory Committee
 Jeffrey Waddell Member, Capital Improvement Advisory Committee

INVOCATION

T.J. Wilkerson gave the invocation.

PLEDGE OF ALLEGIANCE TO FLAGS

PUBLIC HEARING:

Convene into Public Hearing:

Mayor Jones convened into the Public Hearing at 6:04 p.m. Mayor Jones asked Nelson Cox, Chairman of the Montgomery Capital Improvements Advisory Committee to call his meeting to order, so that they can conduct simultaneous Public Hearings,

Chairman Cox called their meeting to order at 6:04 p.m., and noted that they had three members, a quorum, present, which included Jeffrey Waddell and Jennifer Brown.

1. Receive report from the Montgomery Capital Improvements Advisory Committee regarding Impact Fees; and

Nelson Cox, Chairman of the Capital Improvement Advisory Committee stated that the Committee had reviewed the report and information, and they were recommending the Impact Fee.

2. Regarding adoption of Impact Fees for Water and Wastewater for the City of Montgomery, Texas. The amount of the proposed impact fee per service unit is \$4,045.00.

Mr. Glynn Fleming, City Engineer, stated that this was the culmination of the process that City Council had asked them to undertake approximately 6-8 months ago. Mr. Fleming said that as they look at the City of Montgomery, they know that there is a lot of commercial and residential growth that they are starting to see around town. Mr. Fleming said that there are some shortcomings and needs in the water and wastewater systems in order to be able to serve those developments. Mr. Fleming said that the idea behind the impact fee is that it is a way to shift the financial burden of providing that infrastructure, to the actual new growth that it will serve, as opposed to trying to place that burden on existing customers and/or existing residents of the City.

Mr. Fleming said that going back two years ago when they first came on as the City Engineer, they took a long look at the current status of the City's water and wastewater infrastructure. They identified a lengthy list of items that needed to be done, which totaled \$25-\$30 million dollars' worth of work, to be implemented over the next 10-15 years. Mr. Fleming said that some of that work needs to be done strictly to serve the new growth, and some of the work is for both new and existing customers. Mr. Fleming said that the Impact Fee Study takes a look at all of those projects and divvies up what needs to be done to serve the new customers.

Mr. Fleming said that the City Council appointed a Capital Improvement Advisory Committee that is made up of existing residents and business people from the City. The Committee listened to what they had to say about this information and went through each of the projects individually to make recommendations to City Council about the proposed impact fee.

Mr. Fleming advised that one month ago there was a Public Hearing to discuss Land Use Assumptions and to settle on Capital Projects and Plan that the Impact Fees are predicated upon. Mr. Fleming said that tonight they would consider adoption of the actual impact fee.

Mayor Jones asked if a service unit described is the equivalent of a 5/8's inch water meter. Mr. Fleming said that the Texas Local Government Code mandates how they go about the process, with specific guidelines and terms for the process. Mr. Fleming said that one of the terms that comes up a lot is a "service unit." Mr. Fleming said that in terms of this process a "service unit" amounts to one residential water meter, which the City's standard residential water meter is a 5/8 inch meter. Mayor Jones asked if they would also take wastewater into consideration. Mr. Fleming said that was correct, and it was broken out to show the assessments for just water or just wastewater projects.

Jon Bickford asked if that fee would apply to any permits. Mr. Fleming said that if the City did elect to adopt the impact fees tonight, there would be a 12-month moratorium. Rebecca Huss said that until that time, the City's current fee structure would be what is in place. Mr. Fleming said that the fee structure would remain the same. Mr. Fleming said that it was important to remember that if the impact fee goes into effect, it would only be for new growth that would come in next year and beyond within the City. Mr. Fleming said that it would include new areas in the City and ETJ's. There are some areas in the City that will be excluded from impact fees based on prior development agreements.

Mr. Yates asked how it would work if someone wanted to purchase taps prior to the end of the 12-month period. Mr. Foerster said that the fee would not be effective until

December 13, 2017, and by law they can't place a moratorium on them and refuse serving them because they want them to pay the impact fee. Mr. Fleming said that was built into the Government Code, where they will not allow the City to hold off until the time period it up.

Mr. Fleming stated that the tap fee and impact fee were two separate issues. So if they were both in place, they would both be assessed. Mr. Fleming said that the tap fee is a way for the City to cover the costs for public works to physically go out and make the tap connection to the City's water and wastewater system. The tap fee is just to cover the actual costs, so that fee will remain in place. The impact fee is an additional assessment and is strictly to fund infrastructure needed for the new growth.

Rebecca Huss said that another thing that came up at the meetings and for the record, this isn't exactly a revenue bonanza that releases City Council from finding funds to do all the infrastructure that is necessary. Rebecca Huss stated that the funds identified are not 100 percent recoverable, so there is a shortfall of \$5-\$10 million dollars just on that amount, and then the recoverable amount itself is reduced by 50 percent due to state law, unless they want to hire ten accountants to figure out the precise one. Rebecca Huss said that the impact fee is necessary and tries to shift the burden to the people that are requiring the new service, but it does not fix the looming amount of money that they need to come up with to fund the projects.

Mr. Fleming said that it is important to say that when they first started talking about some of the problems facing the City, the first place that this City Council looked at, to start addressing that matter, was internally. Mr. Fleming said that they looked at operational efficiency across the board. Mr. Fleming said that in the last two years the City has done a tremendous amount of buttoning up their operations. They looked at water and sewer rates, so they have taken some steps to address their shortcomings in the water and sewer rates to help address some of the existing shortcomings for the people that are already here. Mr. Fleming said that in terms of getting their own accountability up, to make sure that they are not losing water and potential revenue, they have installed a brand new, state of the art, automated metering system. Mr. Fleming said that with the new system they

should not be losing water. Mr. Fleming said that the City looked internally to correct all issues and inefficiencies.

Reconvene into Regular Session:

Mayor Jones adjourned the Public Hearing at 6:16 p.m. and reconvened into Regular Session.

Chairman Cox then closed the Capital Improvement Advisory Committee Public Hearing at 6:16 p.m.

VISITOR/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must be recognized by the Mayor. Council may not discuss or take any action on an item, but may place the issue on a future agenda. The number of speakers along with the time allowed per speaker may be limited.

Ms. Shirley Schneider spoke about the Christmas in Montgomery that took place last Saturday, and said that it was bigger than ever. Ms. Schneider said that she wanted to thank all of the City Council for all that they do throughout the year to make all the citizens happy. Ms. Schneider then thanked the Police Chief and all the officer's for their help during the Christmas Parade and at the funeral home during the year. Ms. Schneider thanked City staff for their help during the season to get the Community Center. Ms. Schneider said that the City has an excellent employee named Kimberly Duckett, who went above and beyond to help her. Ms. Schneider said that the City has wonderful staff. Ms. Schneider thanked the City for the new Christmas trees and additional decorations that really added to the festivities and they received a lot of nice compliments. Ms. Schneider said that people are already asking about next year.

Ms. Schneider said that she would like consideration to create more tourism in Montgomery, because we are missing a lot of opportunities. The City needs a consulting person to come in and see what Montgomery can do. This person should have good people communication skills, a lot of marketing experience and a vast knowledge of tourism. Ms. Schneider wished the City a Merry Christmas.

CONSENT AGENDA:

3. Matters related to the approval of minutes for the Public Hearings and Regular Meeting held on October 25, 2016, and Regular Meeting held on November 15, 2016.
4. Consideration and possible action regarding Cedar Crest Manufactured Home Park License Renewal.
5. Consideration and possible action to regarding rescheduling a Public Hearing for a Special Use Permit for Mary Eckhart Sims to open a Bed and Breakfast operation at 811 Caroline Street, Montgomery, originally scheduled to be held on December 13, 2016, to be held on January 10, 2017 at 6:00 p.m.

Rebecca Huss commented that she would like to see the visitor comments section of the minutes abbreviated. Rebecca Huss said that the last two minutes were probably 12-15 pages regarding comments. Rebecca Huss said that getting to the point would serve everyone well. City Council concurred with summarizing the comments in the minutes.

Dave McCorquodale moved to approve the items on the consent agenda as presented. Jon Bickford seconded the motion, the motion carried unanimously. (5-0)

CONSIDERATION AND POSSIBLE ACTION:

6. Consideration and possible action on Department Reports.
 - A. Administrator's Report – Mr. Yates presented his report to City Council. Mr. Yates said that the one thing that he wanted to highlight was working with the Grantworks people and Mr. Fleming on Baja Street. Mr. Yates said that they also held a neighborhood meeting of the north side residents to discuss the CDBG project, home project possibilities and police visibility in the area. Mr. Yates said that the meeting was well attended.

Jon Bickford asked for an update on the Kroger Store opening. Mr. Yates said that he has had two different answers, but he would see what he could do to get that information. Mr. Fleming said that he meets with the Kroger people weekly and right now they are saying early to mid-April.

- B. Public Works Report – Mr. Mike Muckleroy presented his report to City Council. Mr. Muckleroy advised that they had repaired a main line lead at 524 Simonton Street. Mr. Muckleroy said the numbers for Fernland were 861 visitors and 41 tours. Rebecca Huss said that she noticed that the west side of Flagship Boulevard the striping had been done to provide a turn lane to the right, and left going west bound. Rebecca Huss said that it works, and said that it was a job well done. Mr. Muckleroy said that striping had actually been done a couple of months ago. Mr. Muckleroy said that once the work was completed, he thought that they could expand the turn lane a little longer.

John Champagne asked about the culvert at the end of Baja and whether it had collapsed. Mr. Muckleroy advised that when Montgomery County did the project two years ago, they removed a crossover culvert and tried to make 100% percent of the water flow to MLK on each side. Mr. Harris' house at the end of Baja was still holding quite a bit of water, so they put a culvert back across there so that it would carry some of the water across, which seems to have worked.

Mayor Jones asked about the concrete work on Flagship Boulevard and whether they were waiting for the funds from FEMA. Mr. Yates said that was correct. Mr. Muckleroy said that they would coordinate that work when there was at least a couple of weeks of no school, so they do not have the traffic congestion. John Champagne asked if the holidays would be a good time to do the work. Mr. Muckleroy said it would if they had the FEMA funds. John Champagne asked how much money they were talking about receiving from FEMA. Mr. Yates said it was going to be \$50,000 to \$60,000 dollars. Mr. Muckleroy said that there was more work involved, because they are talking about removing the median during the same project.

John Champagne asked whether it would impede the removal of the median by just paving the area that needs to be paved. Mr. Fleming said that the idea was to avoid the appearance of piece meal fashion that has been addressed over the years, so when the FEMA funding comes through they would like to remove the paving in its entirety and replace it back in its entirety. Mr. Fleming said the next time that school will be out will be the end of the spring semester.

- C. Police Department Report – Chief Napolitano presented his report to City Council. Chief Napolitano said that they had hired a new police officer, James Riley, who came from Panorama, and he has 9 1/2 years of experience in law enforcement, and should be on the streets next week. Chief Napolitano said that he would bring Officer Riley in next month to introduce him to City Council. Chief Napolitano said that he wanted to thank Ms. Schneider for all her cooperation on the parade, because the parade would not get done without her efforts. Chief Napolitano also commented on Mr. Yates great meeting with the residents on the north side, which he attended, and said that they will work on some things to hopefully help them out.
- D. Court Department Report – Court Administrator Becky Lehn presented her report to City Council. Ms. Lehn said that warrant collection is at the highest it has ever been during the month of November. Ms. Lehn said that the revenue collection is also at its highest that she has seen in the last five years. Ms. Lehn also commented to Ms. Schneider that she appreciated the wonderful complements about Mrs. Kimberly Duckett, and said that she just received an award for customer service.
- E. Utility/Development Report – Mrs. Ashley Slaughter, Utility Billing Clerk, presented her report to City Council. Mrs. Slaughter said that there were 11 new water accounts for the month that bring their total accounts to 561. There was one new residential home and three new commercial building permits issued during the month. Jon Bickford asked where the new commercial businesses were located. Mrs. Slaughter said that one was for Heritage Plaza.
- F. Water Report – Mr. Mike Williams, Gulf Utilities, presented his report to City Council. Mr. Williams said that they had very few district alerts during the month. Mayor Jones asked about grease clogs in the lift stations. Mr. Williams advised that Lift Station 3 had the pump clogged with debris, typically it is rags that are flushed into the system. Jon Bickford said that the report stated that they conducted top cleanings at lift stations showing grease build up in excess of 50 percent within the City. Mr. Williams said that the grease that gets washed down into the system starts building up and once you get to 50 percent you need to clean it out so that you do run the risk of

equipment not operating properly. Mayor Jones asked if they had to call someone in to clean that out of the system. Mr. Williams advised that was correct.

Mayor Jones asked if there was a way to have the grease pass through and be collected at the wastewater treatment plant. Mr. Williams said that you can't really keep the grease from floating up to the top of the water, and it can occur at any of the lift stations because it depends on what people are flushing down the system. Mayor Jones asked if the lift stations were only cleaned as needed. Mr. Williams said that on their routine maintenance program they clean the lift stations semiannually, and as needed. Rebecca Huss asked, for efficiency sake, if they cleaned Lift Station 3 would they clean the other ones at the same time. Mr. Williams said that they would not have a vacuum truck come out for just one lift station, they would get a survey of all the ones that need to be done so they can try to get as many done in one trip.

Mr. Williams said that last month they had reported that they were trying to get a temporary totalizer installed at the wastewater treatment plant to verify the flow of the current totalizer. Mr. Williams said that a couple days after the meeting during the weekend the temperature sensing module went out, so they flat lined the flow at the sewer plant. Mr. Williams said that they were able to get a new unit for \$3,485. Mr. Williams said that when they looked at the old totalizer, in order to get it up and running it would have required numerous upgrades due to the age of the unit, which would have cost \$3,400. Mr. Williams said that the existing totalizer was a unit that had a bunch of different parts on it, but now they have a new unit that is very accurate. Mr. Williams advised that since they have changed out the totalizer, they have seen a moderate increase in the flow and they are looking at 130,000 gallons, which is approximately a 30% percent return.

Rebecca Huss asked if the City was in any risk of violation during the time the totalizer was down. Mr. Williams said that they had done everything within TCEQ standards and they have recorded everything daily, but he would check into the information further to make sure that they were not in any violation with TCEQ.

Mr. Williams said that there were no excursions during the month and they were at 95% percent accountability. Mr. Williams said that they were still running Well No. 3 because of the shortage of the permit for Well No. 4, through the end of the calendar year.

Mayor Jones asked about the status of the water reuse for the chlorination project. Mr. Williams advised that last week the contractor came in and installed the skimmer basket in the contact basin. Mr. Williams said that he also had the bottom of the contact basin cleaned out at the same time that they had the lift stations cleaned. Mr. Williams said that he thought that they were on track to have the project done by the end of the year.

John Champagne said that he remembered Mr. Williams stating that the chlorine levels were checked daily. Mr. Williams said that was correct. John Champagne asked about the City's water system range levels and whether they were in the middle, high or low side. Mr. Williams said that he would have to go back and look to find out exactly, but the acceptable chlorine levels for groundwater levels are between .2 and 4.0. Mr. Williams said that the City has been within the acceptable range because they monitor that closely. Mayor Jones asked if the operating data was tighter than that. Mr. Williams advised that it was tighter than that and said that he has advised the operators that he wants to see a 2.0 at the water plant. Mr. Williams said that lowest reading he has seen was a .79 for the far reaches. Mr. Williams said that the reading will drop off, which is when you will start smelling the chlorine smell. Mr. Williams said that what you are smelling is not actually the chlorine in the water, but the chlorine spent that is out of the water and turns into gas.

- G. Engineer's Report – Mr. Fleming presented his report to City Council. Mr. Fleming said that he had a couple updates on the public infrastructure projects. Mr. Fleming said that Kroger has been on site and making good progress on the water and wastewater construction coming down Gardner Drive, and they are beginning to do some work on SH 105.

Mr. Fleming said that the other grant funded project to serve Pizza Shack, will advertise for bids this Thursday, and come back to Council at the first meeting in January with

the bid tabulation and recommendation for award of the bid. Mr. Fleming said that site construction for Pizza Shack is currently underway, and the other retail center around the corner broke ground last week. Mr. Fleming advised that the retail center would be a 1,800 square foot commercial shell building.

Mr. Fleming said that regarding the bridge, the FEMA package submission will be submitted before the end of the year. Mr. Fleming stated that they have plans to meet with the upstream property owner, Mr. LeFevre, to discuss action on his property on Monday, December 19, 2016.

Mr. Fleming said the City's wastewater permit renewals have been submitted, with the review time running approximately 4-6 months. Mr. Fleming advised that the Water Development Board fund applications continue to be reviewed and he hopes to hear from them sometime after the first of the year.

- H. Financial Report -- Mr. Yates presented the summary report, in the absence of Mrs. Cathy Branco, financial consultant, to City Council. Mr. Yates advised that he thought the City was doing fine because the only large expenditure that has been made so far this year is the Public Works truck. Mr. Yates said that sales tax was down last month, but was up this month about \$30,000 dollars. Mr. Yates said that last month the State took back \$58,000 due to an overpayment. Mr. Yates said that the utility fund was also doing well.

Rebecca Huss moved to accept the Departmental Reports as presented. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

7. Consideration and possible action regarding adoption of the following Ordinance:
AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS, AMENDING ARTICLE III, "IMPACT FEES" OF CHAPTER 90 "UTILITIES" OF THE CITY CODE OF ORDINANCES BY ADOPTING NEW IMPACT FEES FOR WATER AND WASTEWATER IMPROVEMENTS THAT ARE ATTRIBUTABLE TO NEW DEVELOPMENT IN THE CITY'S PROPOSED WATER AND WASTEWATER IMPACT FEE SERVICE AREA WITHIN THE CORPORATE BOUNDARIES OF THE CITY; PROVIDING FOR IMPACT FEE COLLECTION AND ACCOUNTING FOR FEES AND

INTEREST; PROVIDING FOR IMPACT FEE WAIVERS; PROVIDING FOR SEMI-ANNUAL REVIEW OF IMPACT FEES BY CAPITAL IMPROVEMENT ADVISORY COMMITTEE; REPEALING CITY ORDINANCE NO. 2013-08 AND ALL ORDINANCES IN CONFLICT; PROVIDING A TEXAS OPEN MEETINGS ACT CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE AFTER PUBLICATION.

John Champagne moved to approve the Ordinance as presented. Jon Bickford seconded the motion.

Discussion: Mayor Jones asked about when the impact fees are collected, and asked if they would go into a separate fund and must be spent on specific things. Mr. Foerster said that was correct.

Mr. Foerster stated, for the benefit of the public, this ordinance repeals and replaces an impact fee ordinance that City Council passed in 2013, which was only for the northwest quadrant of the City. Mr. Foerster said that he did not know if the City had really ever implemented that impact fee program, but this will be City wide. Mr. Foerster said that there will need to be a semiannual review by the Capital Improvements Advisory Committee, and then within at least five years from now they will need to revisit the entire analysis of the impact fees. Mayor Jones said that the other impact fee ordinance just never had anybody build in the zone so they never got to use it. Dave McCorquodale asked whether it was on the outside of the loop, in reference to the development that is going on out there on the interior side of the Lone Star Parkway. Dave McCorquodale asked if they would fall under the existing impact fee ordinance. Mayor Jones said that development might very well fall under the existing ordinance. Dave McCorquodale said that for some reason he did not feel like it could go on the outside of the loop there at SH 105, but he thought that it was on the inside. Dave McCorquodale said that it would come down to whether or not that property was annexed into the City and where the City limits fell. Mayor Jones said that they are in the City. Dave McCorquodale said that it may be worth looking at that ordinance, with reference to them to make sure that they were the only ones that built out there and were they subject to that impact fee. Dave McCorquodale said that he did not know what process they did to get the taps.

Mayor Jones asked if staff understood what Dave McCorquodale was talking about. Mr. Fleming said that he did understand and he had a couple of thoughts there. Mr. Fleming said that, if memory served him correctly, the area identified was actually north of there, and was

intended to address more potential industrial development period. Rebecca Huss said if anyone in the next twelve months applies for a tap pays under our current fee schedule, if they fall under the previous impact fee zone, would they pay under that, as opposed to not having to pay anything. Rebecca Huss said that everyone would be under the current laws that they are under, and if they pass this ordinance, it would repeal those rules. Mr. Foerster asked to clarify, because that brings up a point that he had not thought of as they drafted the ordinance. Mr. Foerster said that he was led to believe that there was no activity in the northwest quadrant of the City, and he did not contemplate the fact that there might be some in the next twelve (12) months. Mr. Foerster said that the ordinance, as it is written, effectively repeals the 2013 ordinance for impact fees, and to address that tonight they could make an amendment to the ordinance, modifying it, to make the repealing effective in twelve (12) months from the date of adoption. Mr. Foerster said that would need to be reflected in the minutes, and the change could easily be made so that if there was development in the northwest quadrant of the City, the City could still impose an impact fee for that quadrant for the next twelve (12) months.

Mr. Foerster said that he would suggest that, for the record, would be to entertain a motion to amend the ordinance, which was just passed, with respect to Section 9 of that ordinance, so that City Ordinance No. 2013-08 dated May 28, 2013, be repealed effective twelve (12) months from the date of this ordinance. Mayor Jones asked to confirm whether John Champagne wanted to amend his motion. John Champagne stated that he wanted to amend his motion.

John Champagne moved to amend his motion, as previously stated by the City Attorney, "to amend the ordinance, which was just passed, with respect to Section 9 of that ordinance, so that City Ordinance No. 2013-08 dated May 28, 2013, be repealed effective twelve (12) months from the date of this ordinance." Jon Bickford amended his second. John Champagne asked the City Secretary to read the motion back. The City Secretary read the motion back. Mr. Foerster advised that he would make the change to the ordinance and send it to the City Secretary tomorrow. Jon Bickford said that was a good catch by Dave McCorquodale.

The motion carried unanimously. (5-0)

8. Consideration and possible action regarding adoption of the following Ordinance:
AN ORDINANCE ADOPTING AND ENACTING A NEW CODE OF ORDINANCES FOR THE CITY OF MONTGOMERY, TEXAS; PROVIDING FOR THE REPEAL OF CERTAIN ORDINANCES NOT INCLUDED THEREIN; PROVIDING A PENALTY FOR THE VIOLATION THEREOF; PROVIDING FOR THE MANNER OF AMENDING SUCH

CODE; PROVIDING A TEXAS OPEN MEETINGS ACT CLAUSE; AND PROVIDING SUCH CODE AND THIS ORDINANCE SHALL BECOME EFFECTIVE UPON PUBLICATION AS PROVIDED BY LAW.

Mr. Yates advised that this was the formal adoption of the City Code of Ordinances. Mr. Yates advised that the City Attorney had prepared and approved the ordinance. Mr. Yates said that the penalty language that is included in the ordinance is tracking Vernon's Civil Statutes 54.001, which needs to be specifically listed in the ordinance. The City Attorney asked if the Code Book had been received. The City Secretary advised that it had been received by the City. Mr. Foerster said that the penalties are recognized according to what the violation might be, and Mr. Carroll, Attorney with Municode recommended that penalty language be incorporated in the ordinance.

Rebecca Huss moved to adopt the Ordinance as presented, and include the penalty language from VTCA Local Government Code 54.001. T.J. Wilkerson seconded the motion.

Discussion: Mayor Jones said that he just wanted to say again, even though he mentioned it last time, but City staff did a great job on this and it has been a long time coming. Mayor Jones said special thanks to Susan Hensley, City Secretary.

The motion carried unanimously. (5-0)

9. Consideration and possible action regarding funding of East SH 105 water/sewer extension.

Mr. Yates said that this was a request from the Montgomery EDC ("MEDC"), for City Council to agree to their decision to use \$195,000 from the MEDC funds to fund the project for the water and sewer lines from SH 105 and Lone Star Parkway, down to Pizza Shack, if Pizza Shack were not able to meet their grant requirements. Mr. Yates said that it appears that Pizza Shack is making considerable progress and this won't be necessary, but in case it is necessary, the MEDC asked for approval for them to spend their funds to fund the entirety of the project, if necessary.

Rebecca Huss asked if it was clear that this would be subject to pro rata reimbursement as people buy on to the line. Mr. Yates said that was correct. Rebecca Huss said that MEDC would get its money back if they have to spend the money. Mayor Jones said that was the way that MEDC understood it. Mr. Yates said that was correct.

Jon Bickford moved to approve MEDC funding of east SH 105 water/sewer extension, as presented. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

Dave McCorquodale stepped out of the meeting at 7:02 p.m.

10. Consideration and possible action regarding City Sponsorship Letter for Heritage Place Medical Center, Houston Street driveway permit.

Mr. Yates said that the applicant was not able to be at the meeting and has requested that this item be postponed until the January 10, 2017 meeting.

John Champagne moved to table this item. Jon Bickford seconded the motion, the motion carried unanimously. (4-0)

Dave McCorquodale returned to the meeting at 7:06 p.m.

11. Consideration and possible action regarding adoption of the following Resolution:
RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS,
CALLING UPON THE TEXAS LEGISLATURE TO AMEND THE GOVERNING LAW OF
THE LONE STAR GROUNDWATER CONSERVATION DISTRICT TO PROVIDE FOR
THE DIRECT ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS OF
THE LONE STAR GROUNDWATER CONSERVATION DISTRICT.

Mr. Yates advised that this resolution is being requested by the City of Conroe. Mr. Yates included a copy of the Conroe resolution, which he felt made allegations that he did not think the City of Montgomery was ready to make, so he included a second resolution that had that language removed.

Rebecca Huss said that she would like to offer a third option, to table this item, because she did not feel that direct elections would solve any of the problems that they are stating. John Champagne stated that he was getting to the same mind set. Mr. Yates said that the third option would be to do nothing. Mayor Jones said that one of the board members believes that it should be an election. Rebecca Huss said that she would rather have the governing bodies elect the representative.

After discussion, Rebecca Huss moved to take no action on this item. John Champagne seconded the motion, the motion carried unanimously. (5-0)

12. Consideration and possible action regarding voting for City Representative to the Lone Star Groundwater Conservation District.

Mr. Yates said that this was a 4-year term on the board. Mr. Yates said that the present representative, who is completing his 8th year, as the City's representative, is Scott Weisinger. Mr. Yates advised that the only other person who has presented themselves is Greg Smith, City Administrator for the City of Shenandoah. Mr. Yates said that he and the Mayor had spoken to Mr. Weisinger, and he assured them that he would be getting back to Council Meetings in the future, if requested, because not hearing from Mr. Weisinger was one of Mr. Yates issues. John Champagne confirmed that there were two options, Greg Smith and Scott Weisinger. Mr. Foerster advised that the City of Shenandoah has a Joint GRP with the City of Panorama Village. Jon Bickford asked where Panorama gets their water. Mr. Foerster advised they have a Catahoula Water Well.

After discussion, Jon Bickford moved to nominate Greg Smith as our candidate. John Champagne seconded the motion.

Discussion: Mayor Jones said that before they vote on this matter, he has a very strong feeling in the other direction. Mayor Jones said that he knew he did not get a vote, but on the other hand, the Mayor is appointed to select this candidate, but he brought it to City Council to try and convince them otherwise. Mayor Jones said that Scott Weisinger has been on there a long time, and he is one of three members that buck the rest of the committee. Mayor Jones said that Scott Weisinger has enormous experience in water, and his whole business is water wells.

Mayor Jones said that Greg Smith knows water to the extent of a City Administrator, but it is not his life. Mayor Jones said that he thinks that Scott's continued representation would be a better choice. Jon Bickford asked if in the last 8-10 years whether they have seen anything good come out of the Lone Star Conservation District. Mayor Jones said not much, because it is usually a 6-3 vote. Rebecca Huss said that Mr. Yates notes said that Weisinger has been the "3" on a lot of those votes. Mayor Jones said that was a good thing.

Mr. Foerster said that Scott Weisinger contacts him on a somewhat regular basis about issues that are coming up with the Lone Star Groundwater Conservation District Board, and when it is appropriate, he forwards them to the City Administrators of his cities. Mr. Foerster said that Scott Weisinger has been keeping him apprised of some of the issues. Mr. Foerster said that there is some controversy there, which they know that, and Scott is sensitive on the City's needs and brings them to the attention of the appropriate people, which has been his experience. Rebecca Huss said that she would be comfortable reappointing Scott Weisinger, personally.

Jon Bickford rescinded his motion.

Rebecca Huss moved to support the reappoint of Scott Weisinger as the City representative. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

13. Consideration and possible action regarding approval of designating an engineering service provider for the 2017 Texas Water Development Board Safe Drinking and Clean Water Revolving Loan Fund application and project related engineering services.

Mr. Yates advised that this selection process is required by the TWDB as part of their loan approval process. Mr. Yates said that the recommendation is the result of a City Council appointed Committee consisting of Rebecca Huss, TJ Wilkerson, Susan Hensley and himself, soliciting RFP's and interviewing prospective engineers.

The Committee interviewed two firms, Jones and Carter and AEI of Houston. Mr. Yates said that the Committee is recommending Jones and Carter because of their experience with the City in general, and specifically the current TWDB application process.

Rebecca Huss moved to select Jones and Carter as the engineer for the 2017 Texas Water Development Board Safe Drinking and Clean Water Revolving Loan Fund application and project related engineering services. John Champagne seconded the motion, the motion carried unanimously. (5-0)

14. Consideration and possible action regarding approval of designating a Financial Advisor service provider for the 2017 Texas Water Development Board Safe Drinking and Clean Water Revolving Loan Fund application and project related Financial Advisor services.

Mr. Yates advised that this is also the same selection process by the same Committee listed under the previous item. Mr. Yates said that two submittals were received from U.S. Capital Advisors and PFM of Houston.

Mr. Yates said that the Committee thought very well of PFM as an alternative to using Jim Gilley. Ultimately, the Committee came to the recommendation of U.S. Capital Advisors as the Financial Advisor based on their work on the application for TWDB funding and their experience with the City in general, and specifically on the current applications.

John Champagne moved to select U.S. Capital Advisors as the Financial Advisor service provider for the 2017 Texas Water Development Board Safe Drinking and Clean Water Revolving Loan Fund application and project related Financial Advisor services. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

15. Consideration and possible action regarding approval of designating a Bond Counsel provider for the 2017 Texas Water Development Board Safe Drinking and Clean Water Revolving Loan Fund application and project related Bond Counsel services.

Mr. Yates advised that the same process was followed for this item as the two previous items. Mr. Yates said that the two firms that were interviewed were Sechrist and Duckers and Bracewell Company.

Mr. Yates advised that Sechrist and Duckers is a small firm, consisting of two attorneys, which have accomplished many borrowings, some with TWDB.

The Bracewell Company is represented by Jonathan Fries, who has performed the role of bond counsel on the last several borrowings by the City and has familiarity with the City's legal position, and worked on the application for TWDB funding.

Mr. Yates said that because of Bracewell's experience with the City in general and specifically in the current TWDB application process, the Committee recommends selecting Bracewell Company as Bond Counsel.

Jon Bickford moved to approve selection of Bracewell Company as the Bond Counsel provider for the 2017 Texas Water Development Board Safe Drinking and Clean Water Revolving Loan Fund application and project related Bond Counsel services. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

16. Consideration and possible action regarding approval appointment of four (4) Directors on the Montgomery Economic Development Corporation Board, whose 2-year term expires January 2017, currently served by: Kirk Jones, Randy Moravec, Bob Kerr and Andy Dill.

Mr. Yates advise that the Board consists of seven (7) members for two-year staggered terms. At least three directors shall be persons who are not employees or member of the governing body, and two members of the Board shall be members of City Council. Mr. Yates said that all the directors shall be residents of the County, with the majority of the Board being residents of the City.

Rebecca Huss said that her personal feeling is that if they have applicants who are residents of the City of Montgomery, they should consider them, because there are three non-residents. Rebecca Huss said that she knows Amy Brown, applicant, personally. Rebecca Huss said that Amy Brown is a business woman that took an internet business and turned it into a brick and mortar business, she is in the City and is not affiliated with either HMBA or the Chamber of Commerce. Rebecca Huss said that Amy Brown has not obtained funds from MEDC in the past, but she does have a lot of creative ideas and she would like to see more residents of the City deciding how the MEDC funds are best spent for the City.

John Champagne said that he would agree with Rebecca Huss, but he would just say from his experience, the new members, and Bob Kerr being a resident, Kirk Jones has been forever. John Champagne said that Randy Moravec is doing a lot of additional financial support and direction for the Corporation. John Champagne said that these guys are really good.

Rebecca Huss said that she agreed with those three, but she thought of maybe swapping Amy Brown for Andy Dill might be something that would accomplish the goal of City residents determining how the money is spent without harming the good work that Randy Moravec has done on the financial and organizational things.

Mayor Jones said that they will treat this item like an election. Mayor Jones said that they will nominate people for positions, which they will number 1-4.

Nominations:

Position 1:

Rebecca Huss nominated Amy Brown for Position 1.

No other nominations were submitted.

City Council, by a vote of acclamation, elected Amy Brown to the MEDC Board of Directors.

Position 2:

Jon Bickford nominated Kirk Jones for Position 2.

No other nominations were submitted.

City Council, by a vote of acclamation, elected Kirk Jones to the MEDC Board of Directors.

Position 3:

Jon Bickford nominated Bob Kerr for Position 3.

No other nominations were submitted.

City Council, by a vote of acclamation, elected Bob Kerr to the MEDC Board of Directors.

Position 4:

Rebecca Huss nominated Randy Moravec for Position 4.

No other nominations were submitted.

City Council, by a vote of acclamation, elected Randy Moravec to the MEDC Board of Directors.

Mayor Jones stated for the record that the MEDC Board Members that will fill out the next term are: Amy Brown, Kirk Jones, Bob Kerr and Randy Moravec.

17. Consider and take action on a resolution that authorizes submission of an application to the Texas Department of Agriculture for a 2017-18 Texas Community Development Block Grant Program – Community Development Fund grant of up to \$350,000 to construct water, sewer, street, and drainage system improvements in Baja Street target area and designates the City Administrator as the City’s authorized signatory.

Mr. Yates said that this was a resolution needed to apply for the CDBG grant in the amount of \$350,000, and it also offers \$17,500 as match money, which is not a requirement, but does get extra points. Mr. Yates said that the funds needed for Baja Street will be first, which they believe will be roughly \$200,000, and the additional funds will be used either for drainage improvements at the corner of MLK and Community Center Drive, or for waterline extending down MLK and adding some fire hydrants, depending on how they work out the points on the application. Mr. Yates said that the preference is to help the drainage at that intersection, but you don’t get very many points for drainage. Mr. Yates said that the majority of the grant will be water and sewer, and they might be able to squeeze in some drainage.

Rebecca Huss asked if the match money being only \$17,500 and the rest of it being FEMA, was that something that Grantworks came up with. Mr. Yates said that was correct.

Mr. Yates stated that due to an illness in the family, Mrs. Martha Drake with Grantworks, is not here tonight.

Jon Bickford moved to adopt the Resolution that authorizes submission of an application to the Texas Department of Agriculture for a 2017-18 Texas Community Development Block Grant

Program – Community Development Fund grant of up to \$350,000 to construct water, sewer, street, and drainage system improvements in Baja Street target area and designates the City Administrator as the City’s authorized signatory. Dave McCorquodale seconded the motion.

Discussion: Rebecca Huss asked if they needed to specifically designate Mr. Yates as the authorized signatory. Mr. Yates advised that was in the Resolution.

The motion carried unanimously. (5-0)

18. Consideration and possible action on adoption of a Citizen Participation Plan and Citizen Complaint Procedures to be followed during implementation of Texas Community Development Block Grant Program projects.

Mr. Yates advised that this is a requirement of the CDBG grant application process. Mr. Yates said that the plan covers how complaints are handled, and that the City will assist groups that might want to develop other proposals for CDBG grants, public hearing provisions and how the public is notified of the process after a grant is received. Mr. Yates stated this was boiler plate language.

Rebecca Huss moved to adopt a Citizen Participation Plan and Citizen Complaint Procedures to be followed during implementation of Texas Community Development Block Grant Program projects as presented. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

EXECUTIVE SESSION:

The City Council reserves the right to discuss any of the items listed specifically under this heading or for any items listed above in executive closed session as permitted by law including if they meet the qualifications in Sections 551.071(consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas. (No items at this time.)

COUNCIL INQUIRY:

Pursuant to Texas Government Code Sect. 551.042 the Mayor and Council Members may inquire about a subject not specifically listed on this Agenda. Responses are limited to recitation of existing policy or a statement of specific factual information given in response to the inquiry. Any deliberation or decision shall be limited to a proposal to place on the agenda of a future meeting.

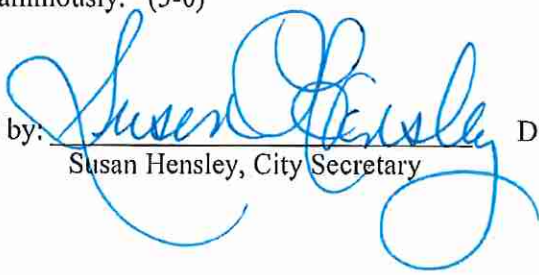
Rebecca Huss stated that she was wondering if either January or February, might be a good time to get a status of financial update on the parks and the status of their arrangements with the City. Rebecca Huss said that two or three of the parks have agreements signed with the City, but Cedar Brake Park is still outstanding. Rebecca Huss said that City Council had discussed getting something every six months. Jon Bickford said if the truth be told, it was every quarter. Rebecca Huss said that now might be the time to get the information. Rebecca Huss said that she would rather have semi-annual reports form the parks.

Jon Bickford asked that City Council request to be apprised of funding allocations from the corporations, such as the 501(3)(c)'s, which are the park mentors, that are collecting donations, taking tips and accepting money out of drop boxes, as to where those funds are going, very specifically.

ADJOURNMENT

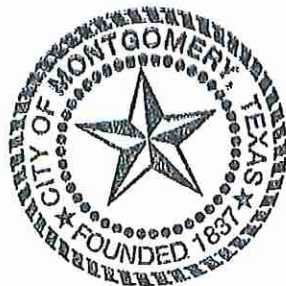
Jon Bickford moved adjourn the meeting at 7:35p.m. T.J. Wilkerson seconded the motion, the motion carried unanimously. (5-0)

Submitted by:


Susan Hensley, City Secretary

Date Approved:

01/10/2017





Mayor Kirk Jones

Accepted by: _____

Chairman, Nelson Cox

Montgomery Capital Improvement Advisory Committee

Date: _____