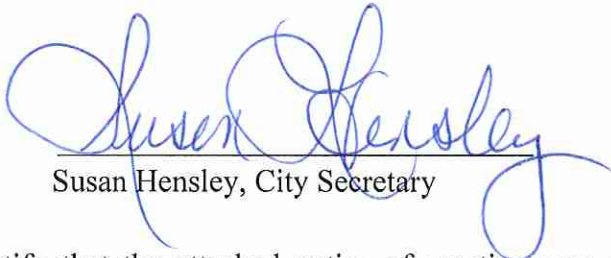


NOTICE OF MEETING

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, November 2, 2016 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 October 7, 2016.
3. Discussion and possible action regarding the following:
 - a) Draft Impact Fee Analysis
 - b) Filing of Committee's written comments on Impact Fees
4. Discussion and possible action regarding Committee Meeting schedule.
5. 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 28th day of October, 2016 at 2:00 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

October 7, 2016

MONTGOMERY CAPITAL IMPROVEMENT ADVISORY COMMITTEE

CALL TO ORDER

Chairman, Nelson Cox, declared a quorum was present, and called the meeting to order at 1:03 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 Organizational Meeting held on September 2, 2016.
Chris Cheatham moved to approve the September 2, 2016 minutes as presented.
Jeffrey Waddell seconded the motion, the motion carried unanimously. (5-0)

2. Discussion and possible action regarding the following:
 - a) Land Use Assumptions:
 - b) Capital Improvement Plan:
 - c) Filing of Committee's written comments on Land Use Assumptions and Capital Improvements Plan; and
 - d) City Council Public Hearing to be held on October 25, 2016.

Mr. Fleming discussed the above listed items and noted that he had provided the Committee with a draft report at the last meeting. Mr. Fleming said that the two topics at hand are the Land Use Assumptions and Capital Improvements Plan. Mr. Fleming advised that this meeting was to address any questions or comments that the Committee might have. Mr. Fleming said that they had previously discussed the Water and Wastewater Master Plans, which he is putting together a summary of the projects that were highlighted in that report. Mr. Fleming said that there are some detailed exhibits and descriptions and cost estimates of each one of the projects that they had talked about previously.

Mr. Fleming said that they will take the Committee's thoughts and feedback and formulate a collective summary of comments that will go to City Council. Mr. Fleming said that the information has to be delivered to City Council five business days prior to the Public Hearing date on October 25, 2016 where they will discuss the Land Use Assumptions and the Capital Improvements Plan.

Mr. Yates said that in the Master Plan they show a daily average of 247,000 gallons, and he thought that through Gulf Utility and others, they have been able to better track that number. Now, they know that the number is 97,000 gallons per day rather than 247,000 gallons. Mr. Yates asked how the 97,000 gallons per day would adapt into the Impact Fees.

Mr. Fleming said that when they first were employed as the City Engineer, October 2014, the utility operator, at the time, was reporting monthly flows to the plant averaging between 225,000 to 275,000 gallons per day. The plant is permitted for 400,000 gallons per day. Mr. Fleming said those numbers were a cause for concern because the State mandates that when you start to routinely return flows that total 75% percent of your permitted value, you must begin to design a plant expansion. When you get to 90% percent of the permitted value, you shall be actively under construction of the plant expansion. Mr. Fleming said that the numbers were a red flag for them, so they immediately started delving into the information and asking questions. Mr. Fleming said that City Council authorized them to prepare the City's Water and Wastewater Plan.

In August 2015, Mr. Fleming said that the City's utility operator came back and revised the flows that they were reporting. Mr. Fleming said that when the utility operator

revised the flows and started working with a more accurate average that went down considerably. From August 15, 2015 and moving forward, the return flows that they report were actually very low and averaged 85,000 – 235,000 gallons per day. Mr. Fleming said that the Master Plans are still completely accurate. Mr. Fleming said that what it did, and what they have begun to advocate, is the utility operator needs to go in and install some third party monitoring devices at various facilities around town, so they can get a better idea of what kind of flow they are seeing in various areas in the City.

Mr. Shackelford said the State has them design at 300-315 gallons per connection, so when you take the 80,000-90,000 gallons per day at the sewer plant and divide that by the number of connections, that is about 100 gallons per connection. Mr. Shackelford said that routinely what they see with a lot of their clients is around 200 gallons per connection, which is why they are asking the operator to get some additional meter reading in place to see if Montgomery is historically way below the normal average, or if there is something else that they need to be looking at by way of the metering equipment and making some adjustments there. Mr. Shackelford said that 200 gallons was normal, but the 100 gallons was not normal and way below the average.

Rebecca Huss stated that the population is nowhere near the estimated population goals. Rebecca Huss asked if the growth did not occur as predicted, would they have obligations to return the money collected, or to do the projects anyway, and asked how that worked. Mr. Fleming said that the State tells them, which is shown in the Government Code Section 395, what the qualifiers are, and, at a minimum, every five years they have to reconvene specifically to discuss making updates, to the Land Use Assumptions and to the Capital Improvements Plan. Mr. Fleming said that it might be more prudent to conduct those reviews more often than the five years, as they see fit. Mr. Fleming said that the City would not be liable for returning funds, as long as they have followed the rules as laid out by the Government Code. Mr. Shackelford said the City is obligated to spend the funds toward projects that that are related to growth. Mr. Fleming said that they would also need to add any new plans to the Capital Improvements Plan. Mr. Shackelford said that they would have to follow the same procedure and notifications that they are going through now to revise the Capital Improvements Plan.

Randy Burleigh said that he looked at the layout for future development, there are really only three areas that they can charge impact fees, and asked if they had done any analysis on how much the City would be able to collect. Randy Burleigh asked if the City did not collect enough impact fees, then who would be stuck with the bill and how would they pay for them. Mr. Fleming said from the date that City Council adopts the Impact Fee Ordinance, they can't begin to collect impact fees for twelve months. Mr. Fleming said that there is a previously adopted development agreement that will exempt an 850-acre piece of property from impact fees. Mr. Fleming said that limits the City to the more outlying areas, and whatever happens in the extra-territorial jurisdiction ("ETJ"). Mr. Fleming advised that they used Texas Water Development Board projections regarding growth. Randy Burleigh said that he wanted to make sure that everyone was clear, that as they move forward, there is probably going to be very little impact fees that would pay for the Capital Improvement Projects.

Mr. Fleming said that right now the City has between 800-1,000 full time residents. Currently they have roughly 300 single family lots platted, which they are obligated to provide water and wastewater services. Mr. Fleming said that there are also 150 homes currently in the design phase, with plats to be submitted in the next 90 days. Mr. Shackelford said there is also Phase II of the apartment complex on Flagship.

Jennifer Brown asked if more revenue was obtained with single family development or commercial development, because it seems like the focus is on commercial growth. Mr. Fleming said that it was tough to make a blanket statement, because every area of development is different. Mr. Fleming said that in Montgomery the development is pretty even in development. Mr. Fleming said that the City will be able to assess impact fees both in the City limits and the City's ETJ. Different options where impact fees would be able to be charged and the guidelines, along with different developments throughout the City were then discussed. Mr. Shackelford said that State law state that schools are exempt from the impact fees, so they would have to negotiate with them for their pro rata share of the cost, or adjust their water and sewer rate. Mr. Shackelford advised that when they impose impact fees, there will be two zones, the new customers and no customers with no impact fees. Mr. Fleming said if the property is platted before the impact fee, they are exempt.

Mr. Fleming said if the Committee is comfortable with all the projects on the Capital Improvements Plan, and the Committee authorizes him to do so, he will prepare a written summary of comments to deliver to City Council.

Mr. Fleming said that now that the Committee has reviewed the Land Use Assumption and the Capital Improvements Plan, he feels that they are in concurrence with the items shown, the information will need to be delivered to City Council for their upcoming meeting. Mr. Fleming said that it will be up to City Council on whether they choose to adopt the Capital Improvements Plan and move forward with the Impact Fee imposition, because they could ask to modify the information, or they could reject the information.

Jeffrey Waddell asked what the time frame was for the Capital Improvements and how they are prioritized. Mr. Fleming advised the list is constantly evolving, but they have a couple of projects that are at the top of the list, which they are working on funding through the Water Development Board right now so they can be addressed as soon as possible.

Mr. Fleming said that he envisioned sending the draft report to City Council on October 18, five (5) business days prior to the Public Hearing, along with a copy of the Local Government Code Section 395, a memo from him and a memo from the Committee with a summary of their comments. Mr. Fleming said that he was open to any suggestions or comments that could be added to the report.

After discussion, Jeffrey Waddell moved to authorize Jones & Carter to prepare a written summary of comments from this meeting to be presented to City Council. Jennifer Brown seconded the motion, the motion carried unanimously. (5-0)

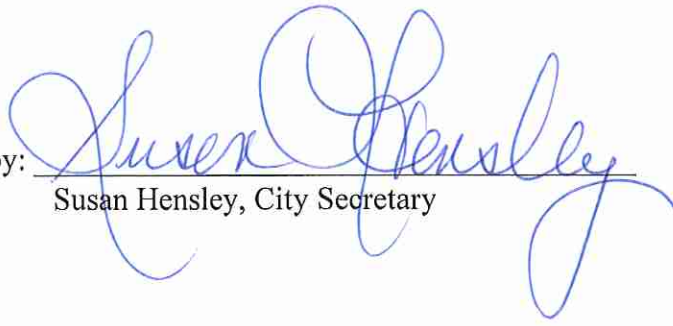
4. Discussion and possible action regarding Committee Meeting schedule.

After discussion, Randy Burleigh moved to schedule the next meeting to be held on November 2, 2016 at 1:00 p.m. Chris Cheatham seconded the motion, the motion carried unanimously. (5-0)

5. Adjourn

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

Submitted by:



Susan Hensley, City Secretary

Date Approved: _____

Nelson Cox, Chairman