

MINUTES OF REGULAR MEETING

August 23, 2016

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Kirk Jones declared a quorum was present, and called the meeting to order at 6:04 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

INVOCATION

Mr. Foerster gave the invocation.

PLEDGE OF ALLEGIANCE TO FLAGS

PRESENTATION:

Mayor Leah Tarrant, Patton Village, to present plaques of appreciation to the City of Montgomery and Montgomery Police Department.

Mayor Tarrant stated that on June 19, 2016, the City of Patton Village lost their Police Sergeant, Stacey Baumgartner, in a pursuit. Mayor Tarrant said that in that accident they also lost an eleven year old boy, who was in another vehicle. Mayor Tarrant said that they are a very small City and they could not have made it without the support they received from the City of Montgomery. Mayor Tarrant said that

the City of Montgomery stood out more than anybody, and they received calls from all over the United States. Mayor Tarrant said that the City of Montgomery stepped up in a way that nobody else did, so they wanted to be here tonight to say thank you and to present the City Council with a plaque that states "Presented to the City of Montgomery with appreciation for your support in our time of sorrow. The City of Patton Village, Patton Village Police Department, Sergeant Stacey Baumgartner end of watch June 19, 2016." Mayor Tarrant said that on all of the plaques they have inscribed "Blessed are the peacemakers for they shall be called the children of God."

Mayor Tarrant said, on behalf of the City of Patton Village, thank you to City Council for allowing your Police Department to be so supportive of them, and for allowing Officer Carswell to come and take Sergeant Baumgartner's watch. Mayor Tarrant introduced the Interim Chief of Police of Patton Village, Carolyn Prickett.

Mayor Tarrant also presented a plaque to the Chief James Napolitano thanking him for supporting their Chief of Police, and for allowing Officer Carswell to come and work in Patton Village.

Mayor Tarrant then presented a plaque to Officer Carswell. Mayor Tarrant stated that Officer Carswell really does his job well. Mayor Tarrant said that she remembered Officer Carswell being at the hospital the night of the accident. Mayor Tarrant did not know who Officer Carswell was because there were so many officers from everywhere, but he introduced himself and said that because he personally knew Sgt. Baumgartner, he would like to take his shift for the next three weeks. Mayor Tarrant said that you cannot imagine, until you lose one of your own, what that means. Mayor Tarrant said that it takes a really good Mayor and Council and Police Chief to foster officers. Mayor Tarrant said that she wanted to express her appreciation from the bottom of their hearts.

Chief Napolitano stated that he had attended a Chief's class and the theme of that class was losing an officer and how it effects your department, and the difficulties that the Chief and the department go through. Chief Napolitano said that he knew that Officer Carswell had worked in that area and knew Sgt. Baumgartner. Chief Napolitano said that he thought the easiest thing for him to do, at that point, would be to send someone who knows that shift to cover it, which was Officer Carswell. Chief Napolitano said that Montgomery suffered while Officer Carswell was gone and they saw the number of tickets go down, because of the efficiency of Officer Carswell. Chief Napolitano said that without that school he probably would not have had the idea of sending Officer Carswell.

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.

No comments were made.

CONSENT AGENDA:

1. Matters related to the approval of minutes for the Public Hearing and Regular Meeting held on August 9, 2016.

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

CONSIDERATION AND POSSIBLE ACTION:

2. Consideration and possible action on Department Reports.
 - A. Administrator's Report – Mr. Yates presented his report to City Council. Mr. Yates advised that he had attended a Transportation Meeting in Conroe that was regarding public transportation for free or inexpensive rides that are available for residents in Montgomery County. Mr. Yates advised that he will be sending copies of the complete report to the Heritage Place Apartments and The Oaks Assisted Living, along with adding a summarized version in the next City Newsletter. Mr. Yates said that the report was very eye opening to him and said that unless you keep up with it you would be surprised at all the options available. Mr. Yates said that there was a Senior Rides Program, where people over 65, or people that are under 65 but disabled, can ride for free. Mr. Yates said that there was also a Brazos Transit Authority for \$3.50 for one way trips anywhere in the County. Mr. Yates then mentioned that the American Legion in Willis, VFW in Conroe, which will transport veteran's to the hospital free of charge.

Mr. Yates also advised that he was not presenting the report on Wade Street tonight because there had been a mistake on the map and Mr. Washington owns more property than they thought. Mr. Yates said that Mr. Fleming was preparing the new legal description. Mr. Yates said that he has spoken to all three of the property owners, and they are all agreeable to the sale of the property.

Mr. Yates said that the meetings with the residents regarding the water/sewer rates is scheduled for this Thursday. Mr. Yates stated that he had worked with FEMA and the State Emergency Management staff regarding flood damage in the City. Mr. Yates said that he had received notice on August 10 of FEMA's flood declaration includes bridges and roads.

Mr. Yates said that he had working with staff regarding the AMRS water billing process, and asked Mr. Muckleroy, Public Works Manager, to speak on this matter in his report. Mr. Yates said that they are still having problems with 40-50 meters per month that are sending out a signal that is not getting to the billing. Mr. Yates said that the billing system will show a zero reading, but if you go to the individual customer's account it will have the right reading. Mr. Yates said that it is a different 40-50 meters each month, it is not the same ones. Mr. Yates said that they are withholding approximately \$6,000 in payment to the vendor until this issue is resolved. Mr. Yates said that the vendor is trying diligently to get the matter resolved.

Rebecca Huss asked if the meters themselves are communicating the information and getting to the system, but it is just not getting to billing. Mr. Yates said that was correct. Rebecca Huss asked if they were sending Mr. Muckleroy out to reread the 40-50 meters, because she thought that would be more inefficient than having to manually read the whole City. Mr. Muckleroy said that last month they had to reread approximately 60 meters to help get the problem fixed. Mr. Muckleroy said that they had been told that the problem had been fixed for this month and it would be better, but when Mrs. Slaughter pulled the readings there were about 40 meters that had to be reread. Mrs. Slaughter said that there were 95 meters that had to be reread. Mr. Muckleroy said that Caleb was working with Badger to try and figure out what is going

on. Mrs. Slaughter said that it was not only Badger, but was also InCode. InCode's file keeps shifting cells over so the information is in the wrong column.

Mayor Jones asked if the meters that we're reading were correct. Mrs. Slaughter said that they are reading fine, but for some reason when the figures are imported into the file they do not import correctly and show up as a zero read or as 99999, which makes the system think it is rolling over so they are getting charged incorrectly.

Rebecca Huss asked if the City was going to give them their \$6,000 because they started installing them in January 2016. Mr. Yates said that they were through with installation by February 2016. Rebecca Huss said this is just ridiculous. Rebecca Huss said that she was not saying that staff had done anything wrong, it is just that the vendor promised the City that the transition would be the easiest and seamless conversion for the City, but it has been a nightmare. Rebecca Huss said that there have been bills that have been sent out incorrectly, and then trying to fix them. You don't want customers receiving a corrected bill of five months thrown at them.

Jon Bickford asked if the City had sent any bills out that were incorrect. Mrs. Slaughter said that some got a bill of over \$650,000 last month. Mrs. Slaughter thought that she had caught all of them, but she missed one that had been overlooked. Jon Bickford confirmed that only one bill was sent out that was incorrect. Mrs. Slaughter said that was correct. Rebecca Huss said that a lot of bills were sent out with zero reads, which means that they were charged the minimum rate. Mrs. Slaughter said that this month the guys went out and did end point verifications, which matched the meters with the end points, and they found several locations that were swapped that had to be adjusted. Mrs. Slaughter said that if the end point meter reads were correct then the reads were mostly correct. Jon Bickford asked if they had a plan to correct the problem. Mrs. Slaughter said that they are working on it. Badger indicated that they had a problem, and she could not even get the file to download correctly. Mrs. Slaughter said that Badger is working on the problem with InCode because the cells are shifting.

Jon Bickford asked if they should have the sales person from Badger come in to address the problem. Mr. Muckleroy said that Caleb is actually the salesman/project manager

and has been working on the matter. Rebecca Huss said that Caleb has come before City Council and reported on the progress. John Champagne asked who had day to day ownership of the problem. Mrs. Slaughter said that she thought that she would have ownership of the problem on a day to day basis. John Champagne asked when Mrs. Slaughter anticipated this matter being resolved. Mrs. Slaughter said that they had anticipated that it would have been resolved this month. Mrs. Slaughter said that she is following up with them on every step. John Champagne said that personally, he was leaving the matter in capable hands.

Rebecca Huss asked if Badger has someone that sees this matter as a priority. Mr. Yates said that he would check on it, but said that he felt that Caleb with Accurate was the correct person to be working with on the matter. Mr. Yates said that they thought they had the matter resolved, but each month it has been a different set of meters. Mr. Yates said that he did not see it as a problem with InCode, but saw it as a problem with Accurate, because the integration was addressed in the interview process and they said that they had worked with InCode, which they have done successfully in several places. Mr. Yates said that they are trying to find out what the problem is and why it goes to different meters each month. Mr. Yates said that Mrs. Slaughter told him that the vendor had checked every single meter to make sure that it was sending out a signal. Jon Bickford said that it did not sound like it was the meters or the antennas but the integration of the billing report. Mr. Yates said that was correct.

- B. Public Works Report – Mr. Mike Muckleroy presented his report to City Council. Mr. Muckleroy said that they had a fairly busy month. Mr. Muckleroy advised that his crew had performed meter and endpoint number verification of the entire City with Accurate. Mr. Muckleroy said that they found a handful of meters that had been put in wrong by Accurate. John Champagne asked whether the City was invoicing Accurate for this work. Mr. Muckleroy said that they are not invoicing them, but they are withholding funds from the project. John Champagne said that this is costing the City money. Mr. Muckleroy said that Mr. Yates had sent an email to Accurate that said the City will not pay the final balance until the City has two solid months of good readings. Mr. Muckleroy said that they checked the entire system in the City, logging by hand all the meters and location and they ended up finding a lot of problems.

Jon Bickford confirmed that the City pays Accurate an annual fee for maintenance for the software. Mr. Yates said that was correct. Jon Bickford said that it sounds like the problem is Accurate, and they are probably going to charge the City an annual fee to keep the system intact. Mr. Yates said that it is \$.59 cents per meter per month. Jon Bickford said that he would tell Accurate that until the system is working he would tell Accurate to add the months that they have been unable to use the system, adding that amount of money back into the contract. Jon Bickford said that is a very common practice in the software industry. Mr. Muckleroy said that, to him, whether the problem is InCode, Accurate or Badger, Accurate sold them the product, so they are responsible. Jon Bickford said that when you send Accurate a note telling them that you are withholding the payment, he would also let them know that every month that they have problems, is a month that the City is not going to pay the maintenance fee. Mr. Yates said that was a very good point.

Mr. Muckleroy said that they had 4-water taps, 3-sewer taps, 2-waterleaks and zero stop ups. They also replaced the irrigation controller at the Community Center and repaired two leaks at Memory Park. Mr. Muckleroy said that the docents at Fernland reported a total of 530 visitors for the month and provided 54 tours.

Jon Bickford asked if they had seen a decrease in the whole lift station clogs and having to come out and repair and clean out lift stations. Mr. Muckleroy said that the incidents are fairly low right now. They had an issue for a couple weeks when lift station 5 broke down and had to be repaired, where some of the roots from it transferred down to lift station 2. Gulf Utility came in and cleaned the entire main line on 149. Jon Bickford asked if the constant problems that they were having have seemed to subside. Mr. Muckleroy said that they have also started the official maintenance program where they regularly check pumps and look for clogs, impeller issues, fluid levels and things like that. Jon Bickford asked if that was helping. Mr. Muckleroy said that it was absolutely helping.

- A. Police Department Report – Chief James Napolitano presented his report to City Council. Chief Napolitano advised that the ticket were down for last month, due to

less people coming through the City during the summer, and the department has been down three officers. Officer Carswell has been in school and will soon be a DRE, which is Drug Recognition Expert, so when stops are made on the street and someone needs to know what a certain narcotic is, Officer Carswell has been certified by the State as an expert and he can go out and advise whether that person has been taking those drugs and whether a blood test would be recommended.

Chief Napolitano said that the men and women of his department make the most contact with the citizens of the City and the surrounding county neighborhoods. They do their best in professionally handling stops and every situation with proficiency and with courtesy. Officer Bracht makes a lot of DWI stops. They had a fatality accident at McDonald's on a Saturday morning, and the District Attorney's Office specifically called the Department and sent an email saying what an exceptional report had been prepared by Officer Bracht for the DA's Office on whether they should file charges on the case. Chief Napolitano said that Officer Bracht did an extensive investigation. Chief Napolitano said that when the officers get involved in these type of cases, they have less and less time to just be out writing tickets. Chief Napolitano said that they are looking at priorities and what they are for the City. Chief Napolitano said that he asks each officer to make ten contacts a day, which does not mean ten tickets, just ten contacts including the merchants.

Rebecca Huss asked if the DRE would be solely in the City of Montgomery. Chief Napolitano said no, Officer Carswell could also be used in District 5, which would be the only other place that he would be used, which is on this side of Montgomery County, on the north side all the way to the Grimes County line and down to about half way to Magnolia, and halfway between here and the Lake. Chief Napolitano said that what can happen is Montgomery County could ask for all DRE's to come to the County Jail and work a shift at the jail as they do a DWI roundup weekend. Rebecca Huss asked who pays for Officer Carswell to work at the jail. Chief Napolitano said that the City would pay for that. Rebecca Huss asked if that would be the priority for Officer Carswell to work somewhere else. Chief Napolitano said no, what they had to understand is that safety inside this County, is also the people that run through the City. Officer Carswell can be used in other places and make a difference in the County and

in the City, by stopping DWI's. Chief Napolitano said that the more they can train citizens to understand that they should not drive while intoxicated, and if they make that communication by arresting them, then that is what they need to do. Chief Napolitano said that it would not happen often, but might occur once or twice a year, at the most. Chief Napolitano said that there has not been a DWI roundup since he has been at the City, which is 3 years.

John Champagne said that it seemed to him that not many children ride school buses anymore, and asked what the City can do about traffic that tends to stack up. Chief Napolitano said that he had worked traffic this morning, where he started with the high school. Chief Napolitano said that he and Officer Carswell worked the intersection of SH105 and FM 2854, while Officer Bauer had FM 149. Chief Napolitano said that the traffic stacked up once they passed 149 on SH 105, they were not getting into the school fast enough. John Champagne said that they park on the side of the road and once things start moving, they get in and the whole lane is blocked. Chief Napolitano said that they are trying to get the schools to open up school a little bit early so they can start flowing the parents that need to drop off their children early so they can go to work. Chief Napolitano said that Clepper gets backed up, along with 149 going south to middle school. John Champagne said that if the vehicles could stay on the shoulder of the street until they can get to the school it would be better. Chief Napolitano said that he is going to get with Mr. Muckleroy to look at readjusting some of the school speed limit signs for better visibility because one parent coming out of Buffalo Springs said that they did not know there was a school there.

- B. Court Department Report – In the absence of Ms. Rebecca Lehn, Court Administrator, Mr. Yates presented the Court Report to City Council. Mr. Yates advised that the Court brought in \$42,990 for the month and they are exceeding this years' budget. Mr. Yates said that the Chief had already talked about the low citations for the month, which are down quite a bit from last year, but they are expecting them to go up in the next several months. Mayor Jones said that there was a delay between citations and court revenues so they will be seeing some lower numbers in the next couple of months.

C. Utility/Development Report – Mrs. Ashley Slaughter presented her report to City Council. Mrs. Slaughter advised that last month they had \$89,352 in revenue from utilities, \$4,600 from permits, and \$330 from Community Building rentals resulting from three bookings. Mrs. Slaughter said that they had collected \$50 from one of the rentals because they did not clean the room correctly. Mrs. Slaughter said that there were 18 new water accounts, with 8 cutoffs for the month. Mrs. Slaughter said that was a total of 21 permits, two of which were new homes.

Mrs. Slaughter said that she ran the report as of August 5, 2016 to account for the corrections and to make sure that Gulf Utility had the correct information for the consumption report.

John Champagne asked if Memory Park showing 338,000 gallons used during the month of July was correct. Mrs. Slaughter said that was the number that was reported to her from InCode. Mr. Muckleroy said that he needed to do the math for that reading, because he did not think that figure was correct. Jon Bickford said that Memory Park's usage went from being less than half of the sewer plant to twice the sewer plant in one month. Mr. Muckleroy said that they did have two leaks two days apart, he was not sure which days they were, but he thought that they were in that billing cycle. Mr. Muckleroy said that he did not think that it would add up to 338,000 gallons. Jon Bickford said that the usage in May was 56,000, June at 72,000 and July is showing 338,000, which is five times what it was the prior month. Mrs. Slaughter said that she would look at the information again and discuss it with Mr. Muckleroy, then update City Council next month.

D. Water Report – Mr. Mike Williams, with Gulf Utility, presented his report to City Council. Mr. Williams reported on the district alerts. They had a broken chlorine pipe at the plant, which they repaired. They found a damaged coupling to blower #1 that has been repaired. The skimmer arm to the clarifier was not turning, so they had to pump it out to clean the area and make a good weld. Mr. William said that they pumped out the clarifier and inspected it for any other damage. Mr. Williams said that they had a couple of failed primes on Well 4, which was mostly from power balances. Mr.

Williams said that each time it was tested by the operator, it was found to be functioning normally.

Mr. Williams said that the flow for the month of July was 3,012,000 gallons at the sewer plant, which is 77% of permitted value, and the daily peak flow was .170 million gallons per day. Mr. Williams said that the reason for the spike was pumping up the clarifier.

Rebecca Huss said that she thought the City was permitted up to 400,000 gallons. Mr. Williams said that was correct. Rebecca Huss asked how 170,000 gallons was 77% of 400,000. Mr. Williams said that was a mistake, the daily average flow was 97,000 gallons that is 24% of permitted value. Rebecca Huss said that as long as they stay below half of the permitted value, because obviously they want to delay getting a new sewage treatment plant. Mr. Williams said that they had no excursions for the month of July, and for the very first seen a whole month with the visual rain gauge resulting in 3.94 inches of rain in July. Mr. Williams said that in his next report he will include the peak day and give a break down by the hour.

Mr. Williams said that they had a total of 98% accountability, flushing of 225,000 gallons, and a total pumpage of 12.284 million gallons, with Well 4 putting out 94.7% of the water.

John Champagne said that he had read that at one of the lift stations, where they went to repair a pump and the chain broke. Mr. Williams said that had occurred at Lift Station 3. Mr. Williams said that when they did the preventative maintenance, most of the pumps required new chains. When they conduct the next preventative maintenance check they will be replacing the chains with galvanized chains.

Rebecca Huss asked about the statement that said that the pump was retrieved, and whether that meant that the pump fell to the bottom and had to be fished out. Mr. Williams said that was correct, they had to manually hook the pump and bring it back up. Rebecca Huss said that it sounds like you could break a lot of pumps doing that, so the chain replacement is a great idea.

Mr. Williams said that they also identified that the seal on Lift Station 1 was blowing sewage back into the wet well, instead of pumping it out, so they are getting quotes for replacement.

Mayor Jones asked about the status of reuse of the water at the wastewater treatment plant. Mr. Williams stated that they had gotten quotes together, and as requested by Jones and Carter, they are getting construction drawings. Mayor Jones asked if they would complete the project in this fiscal year. Mr. Williams said that he thought that they could.

Jon Bickford asked about the information they had requested reconciling actual costs versus what they budgeted for Gulf's water operations. He also asked if it would be possible to do monthly comparisons showing the proposed flat rate and the actual costs showing how they are doing in terms of the overall expense. Jon Bickford asked if it would be possible to get a reconciliation on a month-by-month or quarter-by-quarter basis, showing some type of trend over the year. Mr. Williams said that he could do that. Jon Bickford asked if he could include that in the monthly report moving forward. Mr. Yates said that they had produced that report for the year, which would be easy to update monthly. Rebecca Huss said that was an item at a previous meeting, where they did a presentation of the analysis. John Champagne said that he did not think that Jon Bickford was at that meeting.

Mayor Jones asked how often Gulf Utility invoices the City. Mr. Williams said that they invoice monthly. Mr. Yates said that the invoice is broken down into the different categories, so it will not be difficult for them to update the information each month.

- E. Engineer's Report – Mr. Ed Shackelford, City Engineer, presented his report to City Council. Mr. Shackelford advised that Mr. Fleming was on vacation. Mr. Shackelford said that the Impact Fee Advisory Committee would be meeting on September 2, 2016 to discuss land use assumptions and related capital projects.

Mr. Shackelford advised that the mobility study was underway and he would have updates at the next Council meeting.

Mr. Shackelford advised that the contracts had been delivered to Key Construction for the Kroger public infrastructure project, which he expects to get back in a week. Mr. Shackelford said that he anticipates holding a preconstruction meeting by the end of the month.

The Pizza Shack construction drawings were received on Friday. Mayor Jones asked if Pizza Shack knew when they were going to move dirt. Mr. Shackelford said that he thought that it would be September or October. Mr. Shackelford advised that Pizza Shack knows that they are behind schedule, and, per the Texas Capital Fund Grant, they need to be underway October and November, at the latest, to make sure that they complete the project within the three year period.

Mr. Shackelford said that the Master Plan Capital Project No. 1 – GST Backfill plans for Water Plant No. 2 are complete and waiting for funding.

Mr. Shackelford stated that they have recommended not to move forward on the Town Creek Bridge waterline project until the bridge damage and adjacent slope stability issues are addressed. They are still concerned with Kroger opening and other activity at the intersection of FM 2854 and SH 105, so they are looking at other options to get a looped waterline. One of those options would be to pick the waterline up on the west side of Plez Morgan and Lone Star Parkway and extend it east to Buffalo Crossing and Lone Star Parkway. The preliminary estimate to extend that waterline is \$400,000. Mr. Shackelford said that they are looking at how that fits in with the funding that the City is requesting. Jon Bickford asked if that would eliminate the need to have the waterline cross under the bridge. Mr. Shackelford said that it would defer the need. Jon Bickford said that \$400,000 is a lot of money just to defer the project. Mayor Jones asked if the waterline would also serve other properties. Mr. Shackelford said that was correct, it would essentially fill in the gap and solve the loop problem.

Mr. Shackelford said that the drawings for Heritage Place Medical Plaza and parking expansion have been approved.

Mr. Shackelford advised that the McCoy's final plat and approved drawings were presented and approved by the Planning and Zoning Commission last night, and are being recommended for approval by City Council tonight.

Mr. Shackelford stated that they returned comments on the revised submission by the SH 105 Retail Center. They also returned comments on the Villas of Mia Lago, Section Two. Jon Bickford asked if the Retail Center was going to be a strip mall. Mr. Shackelford said that was correct, and their two driveways would be located on SH 105 and Lone Star Parkway.

Mr. Shackelford advised that the contractor for the Hills of Town Creek said that they are getting ready to initiate a construction entrance. Mr. Shackelford said that this evening he had discussed with Mr. Yates that they need to make sure that they can move the school traffic, so they can get the entrance installed.

Mr. Shackelford said that they are still having meetings with Kroger on a bi-weekly basis. Mr. Shackelford also advised that the Lake Creek Village, Section Two project is nearing completion.

Rebecca Huss asked about the Backfill Project and whether the City needed to find the funds for the project. Mr. Shackelford said that the City does need to find funds for that project. Rebecca Huss said that the whole reason for that project was to address water pressure and safety concerns on the west side of the City, and said that she thought that the City would have the funds for that project. Rebecca Huss asked if that project was in the plans for this fiscal year, because at one point they had discussed having an emergency short circuit the bidding process to get it underway as soon as possible. Mayor Jones said that they determined that the project was not an emergency after all. Rebecca Huss said that depended on your perspective and where you live. Mayor Jones said that it was not an emergency as far as fire protection. John Champagne asked if mediation had been done to get the pressure to a minimum. Mr. Shackelford said that

there were some adjustments to get minimum pressure, as an interim, but it was not a failsafe solution.

Mr. Shackelford said that they had 45-46 psi just outside the apartment complex and by the time you go up 45 feet, 12 feet per floor, the psi drops off pretty quick. Rebecca Huss said that her concern was when a fire truck hooks up to the hydrant, the City can deliver the water. Jon Bickford asked whether the fire trucks were fine with 45-46 psi. Mr. Shackelford said that at the hydrant, yes, but as the water goes through the meter and the backflow prevention device, it drops 8-10 psi. Mr. Shackelford said that the City is meeting the required psi at the meter, but once you get inside the property they are not. Rebecca Huss asked if the fire trucks have hookups inside the apartment complex. Mr. Shackelford said that he was not certain of that, but he will verify if they have a fire loop. Mr. Shackelford stated that normally the fire loop is independent of their potable water. Rebecca Huss asked Mr. Yates if there was funding for this project and whether they could get the project going. Rebecca Huss asked if this project was on the list for the Water Development Board. Mr. Yates said that it was. Mr. Yates also noted that the Fire Department had said that they had a plan to put out fires at that location. Mayor Jones said that they would bring water in from somewhere else. Mr. Shackelford said that was an interim plan.

Rebecca Huss asked about the Buffalo Springs Bridge project, where it states that they “have contacted the Natural Resources Conservation Service regarding the disposition of the canal and they are awaiting a response a response regarding possible assistance.” Rebecca Huss said that she thought the City did not own the canal, and asked Mr. Shackelford to explain the assistance part. Mr. Shackelford said that he thought what they are looking at is whether there is assistance available for those that do own the canal to come in apply for their own funding to help solve the problem. Mr. Shackelford said that one of the things was to make sure that Mr. Bowen and others knew what was available, even though they were not the governmental entity.

- F. Financial Report – Mrs. Cathy Branco, Financial Consultant, presented her report to City Council. Mrs. Branco stated that the total funds available to the City are \$2,124,290.87, and of that the investments total \$879,904.84. Mrs. Branco said that

she had made all of the administrative transfers for the year. Mrs. Branco said that all the payroll adjustments have also been made for the utility personnel. The debt payment for the City that is due September 1, will be made on August 31, 2016 by wire transfer from the bank in the amount of \$106,358.12. Mrs. Branco noted that the net income for operating funds is \$67,000. Mrs. Branco said that the City's deficit has actually gone down to \$20,800. Jon Bickford asked what that deficit was for. Mrs. Branco said that was for the utility fund for the year.

Rebecca Huss moved to accept the departmental reports as presented. Jon Bickford seconded the motion, the motion carried unanimously. (5-0)

3. Consideration and possible action to adopt the following Ordinance:

AN ORDINANCE OF THE CITY OF MONTGOMERY, TEXAS ADOPTING AN OPERATING BUDGET FOR FISCAL YEAR 2016-2017.

Mr. Yates summarized the proposed budget overview with City Council, advising that they expected to have just over \$3,000,000 million dollars in General Fund revenues, with \$2,972,000 in expenditures, with \$19,472 revenue over expenditures. Mr. Yates said that the budget underestimates revenues and overestimates expenditures, so they expect to do even better.

Mr. Yates said that the Utility Fund has revenues of \$1,091,560, with expenses totaling \$947,750, which will allow \$18,510 in surplus of revenues over expenditures, which is assuming they approve the proposed water and sewer rate increase.

Mr. Yates said that in the totality of the 2016-2017 budget, including the Debt Service Fund and Special Funds, the projected ending balance is \$1,200,000 for General Fund, and the projected balance of all funds is \$1,281,000, compared to the projected balance at the end of this budget year of \$1,179,000.

John Champagne moved to adopt an Ordinance of the City of Montgomery, Texas adopting the Operating Budget for Fiscal Year 2016-2017. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

4. Consideration and possible action regarding calling a Public Hearing regarding a water and sewer rate increase.

Mr. Yates said that the request was to call the Public Hearing to be held at the next Regular Meeting on September 13, 2016 at 6:00 p.m. Mr. Yates said that between now and then, he will issue a press release regarding the proposed water and sewer rates, and they will be having public meetings at the Community Center this Thursday. Mr. Yates said that he also sent out a post card about the meetings last week.

Rebecca Huss asked if Mr. Yates had Mr. Randy Burleigh's updated spreadsheet with the new garbage rates. Mr. Yates said that he would check on that. Rebecca Huss said that they had discussed giving personalized estimates of resident's bills with the increased rates, and they could wirelessly link into a printer at the Community Center. Mr. Yates said that he would either have a print out or a standard form that he could fill out for each person showing the result the rate increase would have on their bill. Mr. Yates said that Mr. Burleigh has done a line item person-by-person listing showing their monthly consumption. Jon Bickford said that they could send the information via email versus printing them out. Mayor Jones asked whether the Public Hearing was required by law, and would they be adopting an ordinance if they approve the new rates. Mr. Yates said that was correct.

Jon Bickford moved to schedule a Public Hearing regarding a water and sewer rate increase to be held on September 13, 2016 at 6 p.m. at City Hall. Rebecca Huss seconded the motion, the motion carried unanimously. (5-0)

5. Consideration and possible action regarding approval of Montgomery EDC funding for McCoy's Building Supply sewer line upgrade.

Mr. Shackelford advised that McCoy's was proposed to be located at the southwest corner of Buffalo Springs and SH 105 and they need a gravity feed sanitary sewer line from their site to Lift Station 1. Capacity wise, McCoy's requires an 8-inch line. The City's Code allows for the City to upsize the line and pay the difference in the cost.

Mr. Shackelford said that they were recommending that the City upsize to a 12-inch line to be installed from just west of that location, which would take them to the east property line of the Baptist Church, going back to Lift Station 1. Mr. Shackelford said that the estimate to upsize the line and go a little bit deeper is approximately \$100,000, which has been submitted to Montgomery EDC for consideration and they have granted approval up to \$100,000, pending support and approval by City Council.

Mr. Yates said that this would open up the south area between FM 2854 east of the Baptist Church for development, because it already has a waterline. Mr. Shackelford said that a 12-inch waterline already exists and a 12-inch gravity sanitary sewer line is necessary. Jon Bickford asked about whether the City was going to assess a fee as developers came in. Mr. Shackelford said that would be the Pro Rata Share. Mr. Shackelford said that McCoy's is paying whatever it costs to put in the 8-inch line, the City will pay the difference to upsize to the 12-inch line. As other developers tie into the line, they would evaluate what capacity they are taking out of the line, and they would pay their Pro Rata Share. Rebecca Huss said that would accrue to both McCoy's and the MEDC. Jon Bickford said that he was trying to figure out if they are charging them a Pro Rata Share and then giving them money on top of that. Mr. Shackelford said that he would have to go back and look at the ordinance.

Mr. Shackelford said the line will go all the way to Lift Station 1, from the Church. Jon Bickford asked about when someone wants to build next to McCoy's on the east side, would they have to put in a 12-inch line. Mr. Shackelford said that they would tie into the existing 12-inch line. Mayor Jones said that with the depth of the line, in the future, they might be able to eliminate the Lift Station. Mr. Shackelford said that the last item on the agenda talks about Milestone Phase II, extending public utilities, and that line is deep enough to take care of the Lift Station that serves Ransom's. The sewer line on the south side is not as deep as they could have gone, but it is deep enough to serve all the property on the south side.

Jon Bickford asked if this was going to be paid for out of the 2015-2016 MEDC funds or 2016-2017. Mayor Jones said that it would be out of the 2016-2017 MEDC Budget. Mayor Jones said that MEDC has \$170,000-\$200,000 in the budget for infrastructure projects that are not going to be completed this year.

Jon Bickford moved to participate in a 12-inch upgrade to the sewer line serving SH 105 and McCoy's Lumber, and authorizing the Montgomery EDC funding for McCoy's Building Supply sewer line upgrade from 8 inches to 12 inches, for an amount not to exceed \$100,000. Rebecca Huss seconded the motion, the motion carried unanimously. (5-0)

6. Consideration and possible action regarding approval of Final Plat submission and accompanying construction plans for McCoy's Building Supply.

Mr. Shackelford said that they have reviewed the plat and the construction drawings, which were approved by the Planning and Zoning Commission last night, so they are coming to Council tonight to request their approval.

John Champagne moved to approve the final plat submission and accompanying construction plans for McCoy's Building Supply, and authorize the Mayor to sign the plat. T.J. Wilkerson seconded the motion, the motion carried unanimously. (5-0)

7. Consideration and possible action regarding billing ESD #2 for in-station water and sewer and for other water used by ESD #2.

Mr. Yates advised that the Fire Department has not been paying for water and sewer, which has been an understanding for some time, but there is no documentation regarding the no-charge policy.

Mr. Yates said that because of the City's attempt to reduce the non-billable water use in the City for City related uses, the question of whether to begin billing ESD #2 for its building use and for its training/firefighting water has arisen. The ESD #2 Station is metered and has been using approximately 19,000 gallons per month. This would be an annual water and sewer billing of \$2,052. Mr. Yates said that the training and firefighting use they estimated to be about 10,000-15,000 gallons per month that would result in \$1,500 per year.

Mr. Yates said that his recommendation would be to begin charging ESD #2 for the Fire Station water and sewer at the residential rate in the billing due October 1, 2016. Mr. Yates said he

does not recommend charging for the training/firefighting water because of the public good created by their training and actual firefighting in the City.

Mr. Yates said that he wanted to add two points to his recommendation, resulting from a presentation by the Fire Chief a couple of weeks ago. The Fire Chief said that there were two or three fires in Montgomery last year, so most of the water was being used outside the City, which might point toward charging for the water, but the counterpoint to that is inside the City the ISO Fire Rating is 3 because of the Fire Station being inside the City. The ISO Rating is worth many thousands of dollars versus a Rating of a 5 or a 4, and would more than make up for the charge of the water.

Jon Bickford asked if there were two different meters at the Fire Station. Mr. Yates said that one is a normal meter that any business would have, and they are about to put in another meter on the fire apparatus that would measure their training water. Jon Bickford said that commercial rates would make more sense to him, and he had no issue with not charging them for water for the trucks to put out fires, but he would encourage them not to use the waste water washing trucks or someone might want to wash their own vehicle there. Mr. Yates said that he did not think that they used the hydrant for washing trucks. Mr. Muckleroy said that the entire building runs off the main meter. Mr. Yates said that he chose residential rates because it is a lesser charge and they are residents of the property benefactor, the Fire Department. Rebecca Huss said that unless they feel that for the \$2,000 it is not worth upsetting the status quo. Jon Bickford said that it comes out of the taxes and the City pays for it. T.J. Wilkerson said that he agreed with Mr. Yates.

T.J. Wilkerson moved to follow staff's recommendations to begin charging ESD #2 for in-station water and sewer at the residential rate, beginning October 1, 2016, and to not charge for the training/firefighting water because of the public good created by their training and actual firefighting in the City. John Champagne seconded the motion, the motion carried unanimously. (5-0)

Mayor Jones said that the water used for training/firefighting will be metered.

8. Consideration and possible action regarding the approval of a Resolution By The City Council Of The City Of Montgomery, Texas Requesting Financial Assistance From The Texas Water Development Board For Water System Projects.

Mr. Yates introduced Mr. Jim Gilley, Financial Advisor who works with the Bond Attorney. Mr. Gilley advised that items 8 and 9 are the same action requesting financial assistance, one is for drinking water projects and the other is for the sanitary sewer projects. Mr. Gilley said that part of their application process is that they require that City Council formally request financial assistance in the form of a Resolution, which is what these two items are. Mr. Gilley said that they are in a bind to get these documents going because they have a deadline of Thursday to complete the applications. Mr. Gilley said that everything is completed, except for a couple of engineering items, which Mr. Fleming is going to try and get to them tomorrow. Mr. Gilley said that they do need to ask that if they do approve both of these Resolutions, that they be executed tonight so they can get them to the Bond Attorney tomorrow. Jon Bickford asked if they had everything that they need to execute the documents. Mr. Gilley said that Mr. James Gilley, Jr., has the documents with him tonight. Mayor Jones said that Mr. Fleming is on vacation. Mr. Gilley said that he has had conversations with Mr. Fleming so they are okay.

Mr. Gilley advised that they were requesting \$1.3 million for the clean water, and \$2 million for the drinking water, which require four applications, because there are two projects under each of the funds. Mr. Gilley said that this will be a loan from the state. Mr. Gilley said that the clean water and drinking water funds are subsidized by a Federal Grant to the state. Mr. Gilley said that the subsidy from the Federal Government buys down the rate to the City. Mr. Gilley said that they estimate the rate, right now, is estimated to be right under 1½ percent, maybe closer to 1 percent, so it is worth the hassle.

Mr. Gilley said that the process is they get the application in and administratively completed by Thursday. Once the Water Development Board has reviewed the application, they will approve and extend a loan commitment to the City, hopefully for all four projects, which probably will not until before December or January 2017. Mr. Gilley said that once the commitment is offered they can start the process of issuing the debt, which would be Certificates of Obligation. Mr. Gilley said that the City will probably have funds sometime in spring.

Mayor Jones asked if this kind of loan will save the City a lot of money in the long term versus looking for something on the open market. Mr. Gilley said that was correct. Mr. Gilley said that it entails a little more administratively, but the subsidy for the drinking water is 2 ¼ percent below the market, the clean water is 1.85 percent under market rate. Mayor Jones said that was a lot of difference. Mr. Gilley said that it does make a big difference. Mayor Jones asked if they had to take the entire amount at one time. Mr. Gilley said that was correct, it will close just like a bond issue. Jon Bickford asked if there was a penalty for early payoff. Mr. Gilley will allow no penalty, but they require a call protection for 10 years, so once the City gets to 10 years they can call the loan and pay it off.

Rebecca Huss asked about the drinking water, where the two projects are the downtown and SH 105 improvements, and Water Plant 3 improvements, but the Water Plant 2 Backfill Project is not being funded by this. Mr. Yates said that was correct. Mayor Jones asked if they could change projects once they get the loan. Mr. Shackelford said that was correct as long as they stick to the drinking water projects.

John Champagne asked if this was going out to the open market. Mr. Gilley said that it was not, it was going through the Texas Water Development Board. John Champagne asked what was funding this. Mr. Gilley said that the federal government subsidizes some of loans so that the rates are lower, but most of the money comes from the State of Texas bonds, that we as voters authorize. Mr. Gilley said that it is really a direct placement of your debt with the State of Texas, and they hold the City's security, but you have to be approved by the Attorney General. Mr. Gilley said that it is just like going out on the open market, but they are the only buyer and it is a direct placement. John Champagne said that he understood.

Jon Bickford moved to approve a Resolution by the City Council of the City of Montgomery, Texas Requesting Financial Assistance from The Texas Water Development Board for Water System Projects. Dave McCorquodale seconded the motion, the motion carried unanimously.
(5-0)

9. Consideration and possible action regarding the approval of a Resolution By The City Council Of The City Of Montgomery, Texas Requesting Financial Assistance From The Texas Water Development Board For Sanitary Sewer System Projects.

Dave McCorquodale moved to approve a Resolution by the City Council of the City of Montgomery, Texas Requesting Financial Assistance from The Texas Water Development Board for Sanitary Sewer System Projects. John Champagne seconded the motion, the motion carried unanimously. (5-0)

10. Consideration and possible action regarding request by Milestone Development for Jones & Carter, Inc. to design the Public water and sanitary sewer line extension to the Buffalo Crossing Phase II development.

Mr. Shackelford advised that Mr. Steve Griggs, Engineer with Milestone, contacted him a couple weeks ago and asked if Jones and Carter was interested in designing the Buffalo Springs Shopping Center water and sewer extension project. Mr. Shackelford advised that there was a letter from him included in the information, and according to their Professional Code of Ethics and Board of Registration requirements, for them to be able to work on something like this, as the City Engineer, they must at least acknowledge the potential for a conflict of interest, and both parties agree that it is okay, before they negotiate the project. Mr. Shackelford said that they talked a little about this at the last Council Meeting. When they were hired as the City Engineer, this was a pending question, basically it was decided back then that Council would look at this on a case-by-case basis. Mr. Shackelford said that this is the first time they he has come before City Council to ask if they would object to allowing Jones and Carter to work on both sides. Mr. Shackelford said that the purpose of the letter is to tell City Council that he and Mr. Fleming, who they see on a regular basis and represent the City's interests daily, are not involved in the design process, but they are involved in the review of whatever design the other members of their firm provide.

Mr. Shackelford said that he and Mr. Fleming would still represent the City's interests, while someone else in the company will prepare the design, and then bring that design to them for review. Mr. Shackelford said that they will receive a harder review than normal reviews, and they will be more transparent than they might be with another consultant. Mr. Shackelford

said that they are asking for Council's permission. They have had one conversation, but there is no proposal pending.

John Champagne moved to approve the request by Milestone Development for Jones & Carter, Inc. to design the Public water and sanitary sewer line extension to the Buffalo Crossing Phase II development. Rebecca Huss seconded the motion, the motion carried unanimously. (5-0)

Mr. Shackelford thanked City Council for their trust.

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.

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.

No comments were made.

ADJOURN

John Champagne moved to adjourn the meeting at 7:44 p.m. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

Submitted by: 
Susan Hensley, City Secretary

Date Approved: 09/13/16





Mayor Kirk Jones