

MINUTES OF REGULAR MEETING

March 8, 2016

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Kirk Jones declared a quorum was present, and called the meeting to order at 6:00 p.m.

Present: Kirk Jones Mayor
 Jon Bickford City Council Position # 1
 Rebecca Huss City Council Position # 4
 Dave McCorquodale City Council Position # 5

Absent: John Champagne City Council Position # 2
 T.J. Wilkerson City Council Position # 3

Also Present: Jack Yates City Administrator
 Larry Foerster City Attorney

INVOCATION

Mr. Foerster gave the invocation.

PLEDGE OF ALLEGIANCE TO FLAGS

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.

There were no comments made.

CONSENT AGENDA:

1. Matters related to the approval of minutes for the Regular Meeting held on February 23, 2016.

Jon Bickford moved to approve the minutes as presented. Dave McCorquodale seconded the motion, the motion carried unanimously. (3-0)

CONSIDERATION AND POSSIBLE ACTION:

2. Consideration and possible action regarding adoption of the following Resolution:

A RESOLUTION SUPPORTING THE MONTGOMERY COUNTY THOROUGHFARE, PLAN.

(Tabled at the February 23, 2016 Meeting)

Jack Yates advised that County Judge Craig Doyal was expected to attend the meeting. Mayor Jones advised that they would change the order of the Agenda, and if the County Judge does not show up at the meeting they will table the item.

At the end of the meeting, Mayor Jones came back to this item for action.

Rebecca Huss moved to table Agenda Item 2. Jon Bickford seconded the motion.

Discussion: Jon Bickford said that he would like to amend the motion to table the Agenda item to table this item one more time, and if they do not have resolution or presentation to suggest that they go another way, that the City oppose the Resolution by the next City Council Meeting. Mayor Jones said that another action would be to do nothing. Jon Bickford said that he did not want the item to keep coming up, if they are interested in discussing the matter with Council that is great, if not don't waste our time. Mayor Jones clarified that the item would be brought back before City Council one more time.

Dave McCorquodale seconded the amended motion, the motion carried unanimously. (3-0)

3. Consideration and possible action to receive the Annual Audit for the year ending September 30, 2015 as prepared by BrooksCardiel, PLLC.

Mr. Anthony Cardiel presented the Annual Audit to City Council. Mr. Cardiel advised that there were four possible outcomes for the audit, unmodified, modified, disclaimed and adverse. Mr. Cardiel reported that the City of Montgomery received an unmodified opinion, which is the best that a City can get, and means that everything within the report is materially accurate.

Mr. Cardiel reviewed some financial highlights, stating that the total assets exceeded the liabilities by \$5 million dollars. Mr. Cardiel said that means they take the dollar value of everything that the City has and subtract out everything that the City owes, the net is \$5 million dollars. The net position increased by almost \$100,000 from last year.

Mr. Cardiel stated that the governmental funds had an ending balance of \$1.5 million, which is a decrease of \$45,000 compared to the prior year. The unassigned fund balance in the General Fund was \$1.1 million. Mr. Cardiel said that they look at the unassigned fund balance because it is the money that the City can use on anything that it wants or needs. Mr. Cardiel said that the unassigned funds are the funds that they use to pay bills. There were 52 percent of General Revenue expenditures, which means that you can go six months without a dollar coming into the City and still pay the bills. Mr. Cardiel said that was a good number to have on September 30, because the City only goes three months before all the property tax comes in, and it is a very healthy number to have. Mr. Cardiel said that the GFOA recommended number is 25 percent so the General Fund is looking very healthy. Mr. Cardiel said that sales tax was the number one source of revenue for the City, and the total revenues were \$2.6 million dollars, and sales tax was \$1.3 million and the second highest was property tax at \$409,172.

Mr. Cardiel said that the governmental fund balance that he had mentioned earlier, stating that it was very important for the City to have a higher balance being that it is dependent on sales tax, which is sometimes unpredictable compared to property tax.

Mr. Cardiel reported that the City's number one expense is the Police Department for public safety, with the City's total expenses being \$2.4 million dollars, with the Police Department expenses at \$852,976. Rebecca Huss asked what the green wedge represented, because it was not labeled. Mr. Cardiel said that should have been label Municipal Court.

Jon Bickford asked about the percentages, they were a little bit off, with the general government at 22% percent, and then in red for the Police Department and asked what the percentage should be. Mr. Cardiel said 35% percent was the Police Department expenditures.

Mayor Jones said that speaking of the percentage for the Police Department, he said that it was not too many years ago that number was over 50% percent. Mayor Jones said that although the Police Department has grown significantly over the years, the percentage of their expenses has decreased. Rebecca Huss said that it should because if you look back to when the City was just Carol and someone in the Police Department, it would be closer to 50/50. Mayor Jones said that he was talking closer to the present than that time. Mr. Cardiel said that compared to a lot of other cities that he has seen, the City of Montgomery is in line with what he has seen regarding public safety.

Mr. Cardiel then reviewed the Water/Sewer Fund that had a net position decrease of \$328,541 before transfers, with a net loss margin of 44% percent. Mr. Cardiel said that when he was putting this information together he thought this number might be a surprise to the City, but stated that this was related to depreciation. Mr. Cardiel said that when they record the depreciation for the City there is several hundred thousand dollars of depreciation, which is part of the reason why this loss is larger. Mayor Jones asked if that would have been true last year. Mr. Cardiel said that it would have been true last year, and he believed that there was a loss last year that might not have shown through as much.

Mr. Cardiel said that one of the things that is new this year is the new solvency report, due to the adoption of GASB 68, which requires the City to record its pension liability. Mr. Cardiel said that he believes this City is a little different because they have a net pension asset, which is the first one that he has seen so far. Mr. Cardiel said that the City has enough put into their pension plan that they actually have some left over, which is very good.

Dave McCorquodale asked about engineering work that the City did for the lift station studies, and that type of things, and whether they were included in the engineering expenses. Mr. Cardiel said that was a great question, because engineering can actually go both ways. If the City is doing a study on what the City needs, then that would be expensed, but if the City wanted to install a new lift station and need some engineering to make sure that it is done properly, that engineering would be part of the capital asset and would not be included in the expense number. Dave McCorquodale said that when the engineering is tied to a specific project, it is part of that asset, but if it is a study

to say that they have not looked at their sewer system and they should do that, would that be listed as an asset. Mr. Cardiel said that would not be listed as an asset. Mr. Yates said the depreciation this year is \$341,680. Mayor Jones asked if there was a set depreciation schedule for water wells, sewer plants, etc. Mr. Cardiel said that was correct the City follows the GFOA recommendations, and last year the City Engineer called and got a copy of the schedule and they reviewed the schedule and are online and accurate with the requirements. Mr. Cardiel said that some of the assets are 20 years and some are 40 years.

Mr. Cardiel advised City Council to contact him if they had any questions, and he would be glad to answer them.

Rebecca Huss asked about the recommendation letter that calls for a second review of the water bills before they are finalized, and said that she felt that would be obsolete given the change that they have made with the billing process in terms of the meter reading because that was mainly due to physical errors, so it should not be an issue now. Mr. Yates said that he still felt that they should look over the billing before it is sent out. Mr. Cardiel asked what the new procedure was. Rebecca Huss said that the new Automatic Meter Reading System sends a signal to City Hall. Mr. Cardiel said that he would still recommend that review, because right now the City has the water and sewer person that is working hard to get the job done, but does not have as much experience as other cities and it is always good to have a fresh pair of eyes to review the report.

Mr. Cardiel said that he does this for a living all day long, for ten years, and he has three pairs of eyes on the document before it goes out the front door. Mr. Cardiel said that it would take someone maybe 15 minutes to look over the report to make sure that there were no obvious errors, even though you have an automated reader, sometimes things happen and they don't upload correctly. Mr. Cardiel said that he thought it would be in the City's best interest to spend those 15 minutes up front rather than have a resident come in and have to have something fixed. Mayor Jones said that would also be good along the line of potential fraud abuse or prevention. Mr. Cardiel said that was true.

Rebecca Huss asked whether there was a way to automate that activity so that there is an email sent to notify Mr. Yates if there is a 50 % greater bill than the prior month average. Mr. Yates said that he had not talked to Mrs. Ashley Slaughter yet about this, but that will become a common thing, where any bill that is say 20% higher than the previous month would show up on a list. Rebecca

Huss said that would be good until they build up historical data, because obviously like her July bill is going to be triple of what her April bill due to weather.

Mr. Cardiel said that the billing system does produce a high/low report, so if there is a zero read the account would be flagged, and if it is higher than average usage, around 25% percent, then it will also be flagged and show up on this report. Mr. Cardiel advised that report would be a tool that the City can use to prevent those type of errors. Rebecca Huss said that was a more efficient way of looking at the information without looking at all 500 accounts. Mr. Cardiel said the high/low report would be what he would recommend using for a secondary review of the bills. Rebecca Huss said that the reports are not printed out. Mr. Cardiel advised that the bills are not printed here at City Hall, but the reports are printed monthly and filed with the bookkeeper's records.

Rebecca Huss moved to accept the Auditor's Annual Report for the year ending September 30, 2015. Jon Bickford seconded the motion, the motion carried unanimously. (3-0)

4. Consideration and possible action to receive and accept the Certification of Unopposed Candidates for the May 7, 2016 City of Montgomery General Election as presented by the City Secretary.

Mr. Yates advised that this was certifying that the candidates were unopposed for the May 7, 2016 City Election.

Rebecca Huss moved to accept the Certification of Unopposed Candidates for the May 7, 2016 City of Montgomery General Election as presented by the City Secretary. Dave McCorquodale seconded the motion, the motion carried unanimously. (3-0)

5. Consideration and possible action regarding adoption of the following Ordinance;
AN ORDINANCE DECLARING UNOPPOSED CANDIDATES IN THE MAY 7, 2016 CITY OF MONTGOMERY, TEXAS GENERAL ELECTION ELECTED TO OFFICE; CANCELING THE ELECTION; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

Mr. Yates advised that this was required to cancel the City Election.

Jon Bickford moved to adopt AN ORDINANCE DECLARING UNOPPOSED CANDIDATES IN THE MAY 7, 2016 CITY OF MONTGOMERY, TEXAS GENERAL ELECTION ELECTED TO OFFICE; CANCELING THE ELECTION; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE. Dave McCorquodale seconded the motion, the motion carried unanimously. (3-0)

6. Consideration and possible action regarding adoption of the following Ordinance:

AN ORDINANCE OF THE CITY COUNCIL OF MONTGOMERY, TEXAS, AUTHORIZING PARTICIPATION WITH OTHER ENTERGY SERVICE AREA CITIES IN MATTERS CONCERNING ENTERGY TEXAS, INC. AT THE PUBLIC UTILITY COMMISSION OF TEXAS AND THE FEDERAL ENERGY REGULATORY COMMISSION IN 2016.

Mr. Foerster advised that this Ordinance has been proposed by the Steering Committee of Cities in the area that are served by Entergy Texas Electrical Services. Mr. Foerster said that it is simply an ordinance by which we recognize that the City joins partnership with other cities in making sure that there is appropriate monitoring, and in some cases intervention, in rate fueling requests and surcharge requests by Entergy. Mr. Foerster said that there is a Steering Committee that is set up that has the authority to retain rate consultants and so forth. Mr. Foerster advised that there was no charge to the City by approving this Ordinance.

Jon Bickford asked Mr. Foerster for his recommendation. Mr. Foerster said that he was recommending, after talking to other City Attorneys that have reviewed the Ordinance, that City Council approve the Ordinance.

Jon Bickford moved to adopt AN ORDINANCE OF THE CITY COUNCIL OF MONTGOMERY, TEXAS, AUTHORIZING PARTICIPATION WITH OTHER ENTERGY SERVICE AREA CITIES IN MATTERS CONCERNING ENTERGY TEXAS, INC. Rebecca Huss seconded the motion, the motion carried unanimously. (3-0)

7. Consideration and possible action regarding Baja Street and accompanying CDBG Project.

Mr. Yates advised that the Baja Street project has been reviewed by the City Engineer, and it is being recommended to be an underground storm sewer pipe and that the street be resurfaced. Mr.

Yates stated that he is not asking for a final answer from City Council, but he is asking for direction. Mr. Yates said that he would like to apply for a CDBG grant for that area.

Mr. Yates stated that a CDBG grant can be a maximum of \$350,000. Mr. Yates said that while they have not worked out all the details, their intention is that approximately \$125,000 of the funds would go toward the Baja Street project, and the remaining \$225,000 would go toward water and sewer and street needs in the area.

Rebecca Huss said that the caveat would be that the City is in charge of accepting these projects, managing the projects, the City Engineer does the engineering, not other people from the outside. Mayor Jones said that the City would have that ability. Jon Bickford stated that it would be the City's money. Mr. Yates said that was correct.

Jon Bickford moved to direct the City Administrator to go ahead and get the project started and to move forward with the CDBG grant. Dave McCorquodale seconded the motion.

Discussion: Rebecca Huss asked whether the grant would allow for a relatively wide area, so that it could be all of the northwest side of town, and would not have to be just Baja Street or adjacent to Baja Street. Rebecca Huss said that it would be good to take care of a lot of infrastructure issues all at once in the area. Mr. Yates advised that would be partly up to the Grant Administrator, because it has to be a low income area. Mr. Yates said that they would have to do a salary survey to define an approved area, then the improvements would have to be in the approved area, or it can serve that area. Rebecca Huss said that she just wanted to make sure especially if it can "service" the area, which gives them a broader definition. Rebecca Huss stated that if they need to upgrade a lift station that services that area, but is located outside that area, and she would like to make sure that they use every penny of those funds wisely.

The motion carried unanimously. (3-0)

8. Consideration and possible action regarding adopting a Banking Resolution for renewal of the Certificate of Deposit with Independent Bank.

Mr. Yates advised that this is a simple renewal of the Certificate of Deposit, but that the bank requires this action to be taken by Resolution. Mr. Yates advised that in the past the City

Administrator has signed these documents, but the wording in the document states that the Resolution is recorded in the minutes of the meeting held on a particular date. Mr. Yates advised that in the future these actions will be on the Agenda so the action taken can be recorded in the minutes of the City Council Meeting.

Rebecca Huss asked if there was wording that the City could use for the Resolution. Mr. Foerster advised that the Resolution has boiler plate language, but the wording can be changed to reflect the City Council instead of Board of Directors, which can be marked out and changed.

Rebecca Huss moved that the City of Montgomery renews the Certificate of Deposit according to the Independent Bank Resolution, as presented. Dave McCorquodale seconded the motion, the motion carried unanimously. (3-0)

The Mayor then went back to Agenda Item 2.

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 current 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 officially thanked Mr. Mike Muckleroy, Public Works Foreman, for all the work that he has been doing on the smoke testing and getting the 4-1-1 guys out early so that even though it did not rain today. Rebecca Huss said that even though Mr. Muckleroy does not live in the City and it is not

his tax dollars, he is working like it is and she appreciates it. Mayor Jones also expressed his appreciation for all the work Mr. Muckleroy does for the City.

Rebecca Huss said that Mr. Muckleroy and his crew had found a big break in the pipe on 149 near the bus barn. Rebecca Huss advised that it was a six (6) foot sink hole. Mayor Jones asked whether it was a pipe going to the lift station. Mr. Muckleroy said that the pipe was between the lift station and the school. Jon Bickford asked if they had rain water leaking into that location, they probably saved another 20,000 gallons. Mayor Jones asked whether the pipe was down in a ditch. Mr. Muckleroy advised that it was almost dead center in the middle of the ditch. Rebecca Huss said that meant that the water from the ditch would channel down into the pipe and to the Treatment Plant. Mayor Jones asked if that pipe was found by the smoke test. Mr. Muckleroy advised that was correct. Jon Bickford said that was outstanding. Rebecca Huss said that the pipe was fixed before the heavy rain that was expected to occur today.

Mayor Jones said that he would like to thank everyone for attending the short version of the City Council Meeting. Mayor Jones announced that the ladies from Texas A&M University are in attendance as part of their studies on civil government.

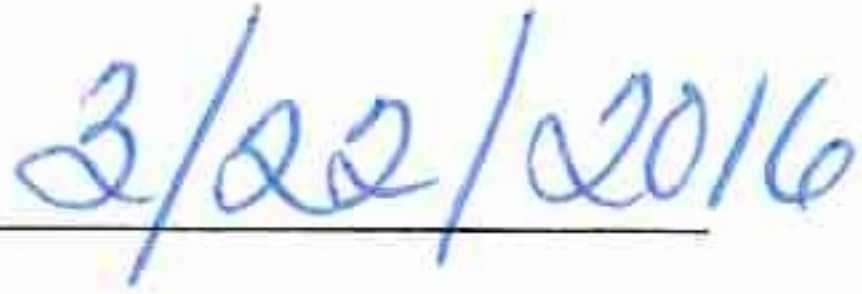
ADJOURNMENT

Dave McCorquodale moved to adjourn the meeting at 6:35 p.m. Rebecca Huss seconded the motion, the motion carried unanimously. (3-0)

Submitted by:


Susan Hensley, City Secretary

Date Approved:





Mayor Kirk Jones

