

MINUTES OF REGULAR TELEPHONE/VIDEO CONFERENCE MEETING

July 28, 2020

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Sara Countryman declared a quorum was present and called the meeting to order at 6:00 p.m.

Present: Sara Countryman Mayor
Kevin Lacy City Council Place #1
Randy Burleigh City Council Place #2
T.J. Wilkerson City Council Place #3
Rebecca Huss City Council Place #4
Tom Cronin City Council Place #5

Absent:

Also Present: Richard Tramm City Administrator
Susan Hensley City Secretary
Alan Petrov City Attorney

INVOCATION

T.J. Wilkerson 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. City 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 of the July 14, 2020, Regular Meeting, and July 21, 2020, Special Meeting.

Ms. Susan Hensley said she did send out a revision to the July 14th minutes regarding some wording in Mr. Tramm's information pertaining to the unmanned boxes and the title to the minutes was corrected to reflect a Regular Meeting and not a Public Hearing and Regular Meeting. Rebecca Huss said she did not have any comments on the minutes.

Randy Burleigh moved to approve the minutes of July 14, 2020, Regular Meeting, and July 21, 2020, Special Meeting with the revisions as stated. Kevin Lacy seconded the motion, the motion carried unanimously. (5-0)

CONSIDERATION AND POSSIBLE ACTION:

2. Consideration and possible action on Department Reports.
 - A. City Administrator's Report

Mr. Tramm said from this time last month, from his point of view, it looked like regarding the pandemic things were leveling out, but since that time we've seen extensions of a public health emergency, cases rise and what we have done at City Hall through our operations we've maintained being fully opened. Mr. Tramm said we are being careful about how we do things and there is still a limit to the number of people coming into City Hall. Mr. Tramm said if they need to have a gathering of people for an occasion, such as a pre-bid meeting, we situate them around the larger tables in the City Council Chambers to keep people spread apart. Mr. Tramm stated City Hall is fully open and fully operating and they are still seeing the number of people that use to come to City Hall that are not coming in, but are using the drop box and paying their utility bills online, and contacting staff through email and telephone and staff is still providing the services to the public.

Mr. Tramm said Fernland is open and fully operational and had a good number of visitors this month. Mr. Tramm said we do require staff to wear masks at Fernland while they deal with the public and have also asked the public to wear masks while they work with staff on a guided

tour. Mr. Tramm said if people are touring the grounds on their own, masks would not be required.

Mr. Tramm stated they are still seeing development within the City occurring in pretty good numbers both in commercial and residential construction. Mr. Tramm said regarding residential construction, they had their fourth Home Grant home close this month and just did the signing on it this past week. Mr. Tramm said the homebuilder who is working on these four homes has already applied for the first two of the four homes and we are expecting applications within the next week or two on the next two homes. Mr. Tramm said in speaking with representatives from the State, the plan is for this builder to build all four homes while they are out here at one time and stated he does not know if the construction will be concurrently or consecutive.

Mr. Tramm said regarding the GLO, BGE has collected aerial photography survey data of the information they needed and they are completing their model at the moment and should have the initial model results within two weeks and start their work on putting together alternatives for which the grant money there is funded. Mr. Tramm said he looks forward to having more detailed information to report to Council at the next month's meeting.

Mr. Tramm said the draft version of the Comprehensive Plan should be in Council's hands next month for review as that process continues to move forward.

Mr. Tramm said he also included information on Chapter 380 Development Agreements with his report. Mr. Tramm said there are a couple of new Council members since he's been here about 14-15 months and doesn't know how involved any of the Council members were in the past, but the City does have pretty good authority with Chapter 380 Agreements and thinks everyone is aware the City has several of them in place. Mr. Tramm said we have agreements with Mr. Cheatham with the Hills of Town Creek, one where the Kroger Center is, and The Shoppes of Montgomery. Mr. Tramm said we will be preparing for The Shoppes of Montgomery within the next couple months of making the first payment and Kroger has been paid through year two and they will be calculating out year three shortly, and the agreement with Mr. Cheatham is in year seven. Mr. Tramm stated he wanted to mention this is because there is a tool that has come to their attention for a direct permit for sales tax. Mr. Tramm said if you have a large-scale builder doing a lot of work, they can request that the State of Texas

allow them to not pay the sales tax at the point of purchase. Mr. Tramm said they will make a report to the State and will pay the sales taxes directly to the State where they designate on the report where the taxes are due for and for the City level tax, the State will get its share of portions above that from Montgomery area construction if we have such an agreement with the developer. Mr. Tramm said those taxes could be designated as in City-paid taxes and that is something which could be used on a large project where it is being built in Montgomery, but neither the supplier nor the home office of the developer is within the City so we can be sure the City would be receiving those additional funds. Mr. Tramm stated he wanted to put that information out there to make sure that everyone on Council had heard at one time and is going to be actively looking for opportunities where this might be appropriate and if appropriate in the future, bring to Council as an option for consideration.

Randy Burleigh thanked Mr. Tramm for including the Chapter 380 Agreement information and said it is very clear once you see it in black and white. Mayor Countryman said it was very nicely laid out and thanked Mr. Tramm as well. Mr. Tramm said he was no stranger to dealing with developers or development agreements, but he has not worked with a 380 Agreement so he is trying to educate himself and has realized everyone on Council came here at a different point and so there are different levels of understanding. Mr. Tramm said if anyone has any questions to feel free to contact him anytime and if it's something he can't answer, he will either research it or put you in touch with someone who can answer the question.

B. Public Works Report

Mr. Tramm stated regarding the wastewater side, a five-foot manhole cone section was replaced with a three-foot cone section to lower the manhole lid to grade at 410 Terra Vista Circle.

Mr. Tramm said the set of four culverts on Baja Street was for the Gulf Coast project with the homes being built at the end of the street. Mr. Tramm said the contractor is mobilizing currently with regard to doing some additional work at that intersection to make it easier to make those turns, without the sharp angle that is in place there, and should be completed in the near future.

Mr. Tramm said several of the light poles were painted at Cedar Brake Park due to the wear of the weather and time in the sunlight, causing the paint to peel.

Mr. Tramm said Fernland Park has been open and they reported 481 visitors and provided 56 tours. Mr. Tramm said they are back at work and it's just a sign that even though people are being more cautious in many cases, people are getting out and looking for something to do and ultimately he is glad they reopened the park and again, the staff there is trying to work as safely with everyone as possible.

C. Police Department Report

Mr. Tramm stated on July 3rd there was a paragliding accident involving a fatality in the field behind the Kroger store.

Mr. Tramm said the Police Department is currently updating their emergency alert system. Mr. Tramm also advised there was a missing person that has since been located and is safely back at home.

D. Court Department Report

Mr. Tramm stated the Court is operating under the approved restrictions due to COVID-19, but they are back up and running both in Court and normal office hour operations.

E. Utility/Development Report

Mr. Tramm said they tried to be a bit more specific with the revenue categories, trying to shy away from things like miscellaneous and categories that are not as descriptive especially where there are larger numbers. Mr. Tramm said they have audited the long-term utility arrears and are in the process of removing them from the utility system for collections reporting, so you do see a notation there related to the auditing amounts. Mr. Tramm said in going through those accounts, they discovered that although a lot of those accounts have been closed out as old accounts, they were not closed on the appropriate timeline and some of them may have still been in the system for months accumulating charges while people had long since moved out, it's just that no one else moved in and then after several months had gone

by, someone finally went to the trouble to then put them in an inactive status and began to close out the accounts, but those charges remained. Mr. Tramm said they went through cases like that and removed those charges and so now we have what we feel is an accurate number reflecting what was really left on those accounts, and as you can see from the differences, there can be in some cases some pretty sizable numbers, but what we are recording now is an accurate number in those cases.

Mr. Tramm stated with the water use of the City's accounts, while there are still three months there on the report, they have changed the way it is presented. Mr. Tramm said instead of a straight three-month run, there is the current month, listed before it is the previous month, and after that is the same month from the previous year and thinks that gives a little more accurate picture in terms of comparison rather than three consecutive months in a row. Mr. Tramm said they have also put those on a chart graphically to be able to visualize a different way to look at the numbers and it does help highlight the disparity where you have say at Memory Park a much higher level of use than you will at the other areas, but in looking at it this way, it helps give a bit of a better picture of how those items are.

Randy Burleigh asked what other items besides the water, sewer, Lone Star Groundwater, and trash go into the total revenue figure of \$196,997. Mr. Tramm said he will go through it in detail and follow-up in a day or two to make sure he is not leaving something off that list.

Mayor Countryman asked concerning the wall at the Community Center, she knows it was constructed a long time ago and the materials are hard to get and asked what the plan for that wall was. Mr. Tramm stated a staff member met with the insurance representative. Mayor Countryman said she hoped it is the automobile insurance company that is going to pay and not our own. Mr. Tramm said ultimately it should be the insurer for the person that ran into the wall, but the City is also insured should their insurance not be suitable or fully covered for the value, so either way, the City will be covered and, if necessary, our insurer will represent the City in terms of trying to get full compensation back from the automobile insurer. Mr. Tramm said in that area given that we have future roadway construction going down there, we may have some parking issues downtown. Mr. Tramm said he wanted to potentially look at options that may allow them to reconstruct and allow them to put some parking there on the roadside, and they may want to take some additional action to protect the wall. Mr. Tramm said since the wall was significantly damaged, there is going to be a significant amount of

work to put it together so he wanted Council to look at whether we should consider moving all of the wall in which would be an additional expense for the City, but would protect the wall and help us with parking in that area. Mr. Tramm said that is something they haven't fully gone through regarding what that cost would be, but it is something he wanted to consider while there is a big chunk of the wall missing, there is not going to be a better time to look at that than in the near future. Ms. Hensley stated they did receive a quote for electrical repairs on the wall too and there was some electrical work involved.

F. Water Report

Mr. Michael Williams with Gulf Utility Service, Inc., stated most of the district alerts were due to weather and power issues and there were a couple that were not. Mr. Williams said there was a leak at Water Plant 3 where the mechanical seal failed on the coolant tower pump. Mr. Williams said he would get that pulled and resolved in a couple of days so it can continue to use Well 4. Mr. Williams said there was a pump failure at Lift Station 3 where they found some issues with the impeller keeping it from pumping, so they will have the contractor warranty those repairs. Mr. Williams stated there was another leak at Water Plant 3 on June 2nd where there was a valve from the HPT leaking which will be replaced. Mr. Williams said, for the most part, the rest of the items on the report are their issues or weather-related.

Mr. Williams said on the May-June Daily Effluent Trend, flow for the month of May-June was 4,903,000 gallons and daily peak flow on May 29th was 395,000 gallons, with the average daily flow at 158,000 gallons, which was 39.5% of your capacity. Mr. Williams stated there was a note on there that the peak daily flow was not on a rain day, but it was discovered the digital rain gauge had lost communication that day and there was about two inches of rain. Randy Burleigh said about 550,000 gallons of rainwater that day went into the sewer plant. Mr. Williams said yes and that would explain it.

Mr. Williams said regarding the discharge limitations, all effluent samples were compliant for June and recorded where they recorded a total of five inches which there was probably a total of seven. Randy Burleigh said he did not think it was quite that high, but it is higher than what is shown because the instrument was not working.

Mr. Williams stated they pumped a total of 10.96 million gallons and had a total of 158,000 gallons of flushing, and sold 11.215 million and came out to 104% accountability which is a little higher than average, but it may have just been a timing issue due to the high amount of flow that was received so they will keep an eye on it. Mr. Williams said they recently checked the GPM on Well 4 and that one is running steady at 1300 GPM so it is recording correctly. Mr. Williams said there was a total of 958 connections.

Randy Burleigh asked where the sold number on the report used to do the accountability comes from. Mr. Williams said that comes from utility billing. Randy Burleigh said that was the month we had the overrun of days on billing and we went back and re-billed and he thinks that caused some issues. Randy Burleigh said he thinks the accountability from what he saw was probably more like 97%. Randy Burleigh said the production was right, but the sold was high. Mr. Williams stated Mr. Muckleroy, Mrs. Ciulla and he went through it together in trying to make sure they had everything captured as correctly as possible. Randy Burleigh stated he looked at the Beacon numbers and the numbers record 97.4% which is Beacon produced and Beacon sold. Randy Burleigh said usually the numbers are close to the billing numbers and he thinks it was just a chaotic month with the re-billing that caused the issue.

Randy Burleigh said he had a question about the flushing and said every month it is different and asked if any of the flushings metered. Randy Burleigh said he knows years ago they tried to use a portable meter for the planned flushing and asked if that was being done. Mr. Williams said none of it is metered and there is a combination of Public Works and the Fire Department flushing, which are all numbers reported to them. Mr. Williams said he does not believe any of that is metered and they try and calculate as best as they can to get the closest number possible. Randy Burleigh asked if the Fire Department hydrant that we meter and do not charge is in this number. Mr. Williams said yes. Randy Burleigh said he also thinks that number is reported in the sold number from the City, so it is reported twice. Mr. Williams said he will have to check with Mr. Muckleroy if that is the meter number we report from the Fire Department as he is not sure it is off that meter. Mr. Muckleroy said the Fire Chief sends him a number every month and the number that he sends is the number they are pulling from other hydrants in the City. Mr. Muckleroy said any time they have a fire or training session, the Fire Chief sends him an estimate of how much they use at other locations throughout the City, and the one hydrant meter that is there is being reported through Beacon and they are not counting that on their end. Randy Burleigh said he is giving you the unmetered hydrant

flow. Mr. Muckleroy said yes. Mr. Muckleroy said it is a pretty good educated guess because they know the tank quantities and his guys keep up with how many times they fill up a tank unless they have a fire, then it is an estimate.

G. Financial Report

Mr. Lasky stated he will be reviewing the highlights of the financial report. Mr. Lasky said the operating fund has a little over four months reserves in the account and a CD that is coming due on Thursday, which will be renewed for six months at Third Coast Bank for .70% which is the highest rate they could find for a six months CD. Mr. Lasky said the TexPool rates have been slightly dipping still and they are keeping an eye on those as he and Mr. Tramm have discussed this before and if it reaches a certain percent, they want to take action on that because TexPool is not an FDIC insured bank and they want to make sure to avoid any sort of loss, so they will be monitoring all those accounts. Rebecca Huss said FDIC does not prevent the loss of principal due to negative circumstances. Rebecca Huss advised FDIC only prevents the loss due to failure of the bank, so if interest rates are negative, the principle is still going to go down over time. Mr. Lasky agreed and said you could lose money and that is why they want to monitor the accounts. Rebecca Huss said we could lose money anywhere we go if the yield curve is inverted. Mr. Lasky said that was correct.

Mr. Lasky said the MEDC fund has a little over two months reserves and the utility fund has 11 months of reserves. Rebecca Huss said the MEDC fund has two years of reserves. Mr. Lasky said that is correct.

Mr. Lasky stated the only two things he saw that would be of notice on the cash flow report would be the PID reimbursement paid for \$35,378.47, which is an annual payment. Mr. Lasky said the Montgomery County Commissioner Pct. #1 was asphalt material for repaving and repairing Baja, Worsham, Old Plantersville, Westway, and McGinnis for the \$57,000.

Mr. Lasky said they did receive the July numbers, which will show on the next month's report and it was almost \$232,000 so we are a little over \$1.84 million per current year right now on sales tax and with two months to go, hopefully, we will see something although he does not know if it will be ready before the first Council meeting.

Mr. Lasky said regarding the FEMA money that came in, he has transferred it over to the General Fund and that will also show at the next month's August 25th Council meeting.

Mr. Lasky said he knows the debt service payments are coming up on September 1, 2020. Rebecca Huss asked if we have enough money in debt service funds to cover the payments that are outstanding or that are coming up. Mr. Lasky said yes.

Randy Burleigh asked Mr. Tramm if he could elaborate on the topic of the Atkins Creek refund from FEMA. Mr. Tramm asked if he was referring to the money already received. Randy Burleigh said yes, the \$365,000. Mr. Tramm said that was from a time before he was with the City so he cannot answer, but Mr. Roznovsky may be able to elaborate more on that and asked Mr. Roznovsky if that was for expenses from the Harvey event. Mr. Roznovsky said that was correct, it was the repairs regarding construction and engineering and 90% reimbursement for those costs that were paid out. Mr. Roznovsky said there was no previous reimbursement request made so everything was done at the end. Randy Burleigh asked if the City was out of pocket that money before and they reimbursed us. Mr. Roznovsky said that was correct. Mr. Tramm told Randy Burleigh that was a good example of how long a FEMA reimbursement process really can take. Mr. Tramm said in our case it arrived at a fortunate time while other issues were going on around the world, there is just no telling when it may or may not eventually show up. Rebecca Huss said it is nice to have some extra money available to be able to pay for things and not always be so stretched so that you can advance pay and leave it out for a long time. Mr. Tramm said he thinks that is one reason why it is good to always have a good solid reserve for long-term planning and long-term items even if it just gives you the ability to withstand an emergency. Rebecca Huss said they had to do this with the bridge as well and Mr. Roznovsky will remember as they were guaranteeing that they would provide bridge financing between the payments as they were submitted from the contractor and would pay within 30 or 60 days regardless of when they received the money from the government. Mr. Roznovsky said that was correct and there were multiple pots as there was the FEMA pot and the CDBG pot, so it is coordinating all those together. Rebecca Huss said she thinks that helped them get a better price because the contractors did not have to finance it as the City was doing it.

H. Engineer's Report

Mr. Roznovsky said the Baja Road/CDBG project is still ongoing and is still with the State to get the final reimbursement money back, which has been in their hands now since the end of March. Mr. Roznovsky stated as of the latest update they received last week, they had to approve the budget amendment that did all the shifting of funds to cover surety costs and all the different pieces and now it is on desk review for the actual allotment in sending of those funds. Mr. Roznovsky said there is a partial of those funds that will reimburse costs that are already paid and a partial to pay costs to the contractors.

Mr. Roznovsky advised the Downtown Waterline contracts are nearing construction and will proceed with that project.

Mr. Roznovsky said this Thursday they will receive bids for the Water Plant 3 Improvements. Mr. Roznovsky said next week they are planning to sit down with Mr. Tramm and Mr. Lasky to go over the budget numbers so they can talk about the cost of the Downtown Waterline and this project and then have that information available for the August 11th Council meeting to discuss the options.

Mr. Roznovsky said the Drainage Analysis has already been touched on so the final study is expected by the end of September, but preliminary results will be in the next few weeks and we will have more information on that as it comes out.

Mr. Roznovsky said regarding the Sanitary Sewer Lift Station No. 1 Replacement Project, they did receive another pay estimate of \$147,253.50 for the contractor, so based on that pay estimate as of June 29th, they are about 90% complete by value and 163% by time. Mr. Roznovsky said the amount in retainage is still more than the liquidated damages to date that were assessed and as of right now he is expecting substantial completion in August, so he is in the process of wrapping up electrical work and coordinating with Entergy to get the new electrical service set for that work. Rebecca Huss asked did we affirmatively decide that the 10% is adequate given the liquidated damages that have used up all the retainage. Mr. Roznovsky said yes they did, but if there is more work to be done we still have his bond to fall back on so if he has performance issues with the project, we have the performance bond that is put up with the City to call on in addition to the retainage. Rebecca Huss asked if the retainage is not used to encourage punch lists and things like that or we can use the bond for that too. Mr. Roznovsky said no, it is used to encourage the punch list but the other part about

the punch list is he doesn't get his substantial completion until this is financially done so his warranty period keeps on extending out until that is done. Mr. Roznovsky said at the end of the project he will have \$100,000 to \$110,000 in retainage that is being held plus whatever is left on the final pay estimates, so this 90% number complete by value is including the retainage number as if the value completed is 90%, but what is being held is actually 19% so it is 10% retainage plus of the 90%.

Mr. Roznovsky said some of the highlights for developments include they did receive the first plan set for Hills of Town Creek, Section 4 and they provided comments to those last week and there are a handful of comments they are working through to address. Mr. Roznovsky said they received plans for Moon Over Montgomery and stated he has the final review on his desk and will get those sent out tomorrow for their Phase I of the first five cottages closer to Clepper Street.

Mr. Roznovsky stated regarding the ongoing construction items for The Shoppes of Montgomery Public Waterline Extension, they held a final inspection last week and are finalizing the punch list items with them to complete.

Mr. Roznovsky said TxDOT and Atkins Creek are still planning to try to proceed in January 2021 and they will be working with them in the City on Right-of-Way acquisition for their project. Mr. Roznovsky said they did come back with an answer to the question did you all extend the scope of the work going down to where the bulkhead was and they said if the City would pitch in approximately \$2.6 million, so they did not proceed much further than that. Mr. Roznovsky said they will continue to figure out how to get at least a portion addressed and whatever we can do in the long-term. Mr. Roznovsky said it is not a City issue or a City easement or City-owned property downstream, but it was an effect on the City with the surrounding properties being essentially undevelopable.

Mr. Roznovsky stated the attachments are of the pay estimate for reference and the maps show where these developments are occurring.

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

3. Consideration and possible action to Accept Excess Collections for 2019 Debt Service and Certification for Debt Service Collection Rate for 2020/2021.

Mr. Tramm said Tammy J. McRae, Tax Assessor/Collector, has provided the annual certification for the excess collections rate for debt service for the year 2019, as well as the anticipated collection rate for debt service collection for the year 2020/2021. Mr. Tramm said acceptance of the certification is a required annual action of City Council.

Rebecca Huss asked what the formal language needs to say. Mr. Tramm said the formal language for the motion needs to say to consider and accept the excess collections rate for 2019 for debt service and certification for debt service collection rate for 2020/2021. Rebecca Huss asked if there needs to be 100% in zero numbers in the motion. Mr. Petrov, City Attorney, said no, the way Mr. Tramm described it is sufficient.

Kevin Lacy moved to accept the excess collections rate for 2019 debt service and certification for debt service collection rate for 2020/2021. Randy Burleigh seconded the motion, the motion carried unanimously. (5-0)

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

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS, AMENDING ITS MUNICIPAL BUDGET FOR THE FISCAL YEAR 2019-2020; PROVIDING A REPEALING CLAUSE AND A TEXAS OPEN MEETINGS ACT CLAUSE; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

Mr. Tramm said he knows they have discussed this for several months and he wanted to point out that as discussed with the Auditor was the action to take the end of year final budget correction, which this is not meant to replace that, they still intend to take that action at the end of the fiscal year. Mr. Tramm said this is the action discussed for the last couple of months with response primarily to the COVID-19 situation, the public health emergency, and the economic effect that has had. Mr. Tramm said they started with every department head reviewing their budget items and working out items that could be delayed or just not necessarily be done, try and streamline the expenditures going forward because there was just a lot of unknown in the future. Mr. Tramm said attached are the primary budget categories in General Funds with the proposed changes highlighted

and several categories are broken out in detail for clarity, and the City as discussed before did benefit unexpectedly with the receipt of \$365,000 FEMA reimbursements to the General Fund. Mr. Tramm said fortunately for us, this occurred at a time while we saw reduced increases in sales tax collections. Mr. Tramm said while this money helped us bridge the gap, it was not enough to balance the budget without making cuts to expenditures that they have done. Mr. Tramm advised the additional revenue and expenditure cuts did also provide us with enough additional funds that they are proposing to designate a new category to begin a long-term capital savings category for future large capital project expenditures such as construction, a future elevated water tank, major upgrades to City roads and utility lines. Mr. Tramm said the idea he would like to instill in budgeting going forward is that there is a long-term capital savings category that can be used in the future, or for certain emergencies, the point is we have the long-term savings there in addition to the standard reserve categories. Mr. Tramm said in the information provided, income categories are based on 9-10 months of actual data and some of the data included is July that is in progress so it doesn't include sales tax collection data received in July so it makes that information different from what is in the financial report, which is reported through June 30th. Mr. Tramm said the expense categories are based on reductions discussed with department heads, 9-10 months of actual data, and projections for the remainder of the fiscal year. Mr. Tramm noted some of the income and expense information was available for July and some were estimated. Mr. Tramm said as the primary issue causing this amendment is related to addressing sales tax revenue and reducing expenditures paid from these budget revenues, staff is only recommending these changes to the General Fund at this time. Mr. Tramm stated he does intend to be back for the General Fund and the other funds with the year-end adjustment that was mentioned.

Mr. Tramm stated there were a couple of large numbers he wanted to address specifically. Mr. Tramm said regarding the franchise tax category is current available year-to-date information of over \$13,000 and staff is projecting \$90,000. Mr. Tramm said there is a large revenue amount at the end of August and early September from Entergy, and for the last two years that has been in excess of \$70,000 and has been on an increasing trend for the four years he has looked back so he is confident that is a good number.

Mr. Tramm said for the sales tax category line 14600, the City has a 2% sales tax and it is broken up into multiple categories. Mr. Tramm said 1% is designated as sales tax, and there is one 0.50% that is designated for the line below that, sales tax in lieu of property tax, and there is another one of 0.50% that does not appear in the General Fund but goes straight to the MEDC Fund. Mr.

Tramm said one thing staff has also done here with the sales tax and the sales tax in lieu of property tax categories is there should be a 2 to 1 ratio there that wasn't actually in a correct exact ratio at the time of budgeting, and originally it was incorrect for this which is why you see different percentages in those categories for the amount of change and they took that corrective action as well. Mr. Tramm said one very small item he wanted to mention was no one knew what kiosk revenue was and it was budgeted at \$20 and they haven't seen any activity for something they would use that for and so they just drew that as a zero. Mr. Tramm said admittedly it is a very minor change on otherwise a large dollar amount budget, but it just struck them wrong to leave it there if they had no intention of using it.

Mr. Tramm said there are several categories toward the bottom of the first page, the FEMA reimbursement, Atkins Creek that has been discussed so that has been brought in here and projected as an overall decrease of revenues from the original budget of 3.6% that would be fairly close to 10% had it not been for the FEMA reimbursements. Mr. Tramm said they certainly received that at the right time.

Mr. Tramm said in the expense categories he wants to address the contract labor-streets account which is a significant reduction and capital transfer project. Mr. Tramm said at the time of budgeting there was a large number of future roadway projects that had been intended for a lot of repair work and they did use some of the funds and left a few thousand dollars in there for if there is some road work that has to be done before the end of the fiscal year, but largely if that work wasn't being done because of the reductions and situations that the City has had, they went ahead and reflected that through the lesser expenditures.

Mr. Tramm said regarding the last of the categories transfer to capital savings, that \$30,000 is what he mentioned before about beginning a long-term savings. Mr. Tramm said in the event what they have had happen as they close up the fiscal year and come in for a final budget correction, he feels they have tried to reflect what they believe will happen on the expenditures categories and they have tried to be conservative on the income categories leaving out the chance there could be some sort of government shutdown or something else that restricts the economy and he doesn't want to get too far ahead on revenue projections. Mr. Tramm said he feels if he is going to be off on the overall figure, he is much more likely to be off on the side of the City having additional revenue at the end of the year versus being in the negative and if that's the case in the final year-end budget correction, he would increase the amount of money going to the transfer to capital savings.

Kevin Lacy asked about item 17072 for Public Works item budget for \$20,000, projected \$11,109 with nothing spent yet, what type of things typically go in that number. Mr. Tramm deferred to Mr. Muckleroy on this item. Mr. Muckleroy said the main purchase on that was going to be the truck and it was going to be taken partly out of this line item and partly out of the water and sewer line item that corresponds with this. Mr. Tramm said there was a truck budgeted for Public Works this fiscal year and they already replaced that order before the pandemic situation set in, and we are in a position where the delivery was delayed into the next fiscal year so they are not going to have an actual expenditure during this fiscal year, so that is an example of one item that can be moved into the next fiscal year.

Randy Burleigh asked about the MEDC contributions revenue and asked if they contribute money to the City budget. Mr. Tramm said the MEDC does contribute to cover the administrative cost that is incurred on behalf of MEDC, and at the time the budget was put together, the budget showed hiring a staff person that was performing MEDC type functions and being paid for it by MEDC. Mr. Tramm said that person was hired later in the fiscal year than was originally anticipated and is no longer with the City, so that is the reason for the big disparity. Mr. Tramm said when that person was with the City, there was a much greater transfer of contributions from the MEDC to the General Fund, but without that person on staff any longer, that amount has been reduced. Randy Burleigh said it was just MEDC contributing to staff support. Mr. Tramm said that was correct because the person was essentially working as a City employee but for MEDC purposes.

Rebecca Huss said she is concerned about the fines portion of revenues not being low enough for the nine months. Rebecca Huss said we are running about \$22,000 a month in court fines for revenue for lack of a better word, although she doesn't consider it to be revenue since there is a large cost associated with it, which would mean that we would be more likely to be at \$260,000 rather than \$300,000 for the remainder of the year for revenue. Mr. Tramm said he does recall they had that discussion.

Rebecca Huss said she appreciates that they have never had such a detailed budget adjustment with so much care and thought given to each and every item and is a very big adjustment to the way they have looked at things before and hopefully will be much more accurate than they have, but definitely different times where it pays to be detailed and not be so surprised by the outcome. Mr. Tramm said it is easy to do this when everything is on an upward trend and the amount of money

coming in continues to increase and anyone can look good when everything is up 20 and 30% on revenue, but that is not the situation we are in. Mr. Tramm said he commends each department head for making tough decisions before it ever got into his hands. Mr. Tramm said he will be the first to say that he knows this isn't going to line up perfectly with what actually happens just because there are always things that are different from the way that is planned and he acknowledges Rebecca Huss' point and that could certainly be the way it turns out there. Mr. Tramm stated he does believe overall there will be other categories that are out of line one way or another just because that is the way things happen throughout the year and that is why you do corrections to budgets and is part of the process as unanticipated things happen. Mr. Tramm said we all know back in September, October we never anticipated a public health emergency coming in, but he does think overall this is going to work out unless something so big happens to change it, where we are going to have to restructure again and if so, we will. Mr. Tramm said if Council feels the need to modify the numbers, he is certainly open to the amendment otherwise as he said earlier, he intends to bring this back at the end of the year for corrective action and if we can correct some of the categories, he would be the one out there telling Council that they need to change them and if he is off, he can admit to that. Randy Burleigh said he appreciated Mr. Tramm and staff looking at all the detail they did to get this done. Rebecca Huss said she is alright with passing it, as is, as long as Mr. Tramm understands her concern of \$40,000 on the revenue. Mr. Tramm said he does indeed and before this got to Council, staff went back through this line by line and they had the same concerns and they know it is not going to be perfect as things never turn out the way it is planned, but they do think from their point of view that it is the best effort. Randy Burleigh asked if the \$199,000 year-to-date includes July or June. Mr. Lasky said it is in June.

Rebecca Huss moved to approve the suggested amendment to the City of Montgomery FY 2019-2020 budget as presented by the City Administrator.

Discussion: Ms. Hensley asked if that is to also adopt the Ordinance. Mayor Countryman said yes. Rebecca Huss asked if the second included adopting the Ordinance. Randy Burleigh said yes.

Randy Burleigh 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.

5. Adjourn into Closed Executive Session as authorized by the Texas Open Meetings Act, Chapter 551 of the Government Code, in accordance with the authority contained in the following:
 - a) Section 551.071 (consultation with attorney); and
 - b) Section 551.072 (deliberation regarding real property).

Mr. Tramm stated there was no need to enter Executive Session as he did not have a reply on the action he was asked to take by Council at the last meeting.

POSSIBLE ACTION FROM EXECUTIVE SESSION:

6. Consideration and possible action(s), if necessary, on matter(s) deliberated in Closed Executive Session.

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 the 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.

There were no comments.

ADJOURNMENT

Kevin Lacy moved to adjourn the meeting at 7:07 p.m. T.J. Wilkerson seconded the motion, the motion carried unanimously. (5-0)

Submitted by: Susan Hensley
Susan Hensley, City Secretary

Date Approved: 08/11/2020

Sara Countryman
Mayor Sara Countryman

