

**MINUTES OF BUDGET WORKSHOP MEETING**

**August 26, 2021**

**MONTGOMERY CITY COUNCIL**

**CALL TO ORDER**

Mayor Sara Countryman called the Workshop Meeting to order at 1:14 p.m.

Present: Sara Countryman Mayor  
Kevin Lacy Place #2  
Julie Davis Place #4  
Byron Sanford Place #5

Absent: Carol Langley Place #1  
T.J. Wilkerson Place #3

Also Present: Richard Tramm City Administrator  
Dave McCorquodale Assistant City Administrator  
Susan Hensley City Secretary and Director of Administrative Services  
Anthony Lasky Senior Accounting Clerk  
Kimberly Duckett Court Administrator  
Anthony Solomon Police Chief  
Joe Belmares Police Lieutenant  
Mike Muckleroy Director of Public Works

**CALL TO ORDER**

**INVOCATION**

Byron Sanford gave the Invocation.

**PLEDGE OF ALLEGIANCE TO FLAGS**

**BUDGET WORKSHOP:**

Discussion of the following items related to the City of Montgomery 2021-2022 FY Proposed Budget:

1. Summary – Mr. Tramm reviewed the budget summary information for 2021-2022 with City Council.
2. General Fund Revenue and Expenses – Mr. Tramm advised the General Fund budget summary overview with City Council. Mr. Tramm explained the following sections for each department would provide detailed information for the budget. Mr. Tramm noted the Interfund Transfer - proposed for 2021-2022 is \$57,500, which is the administrative transfer from MEDC to cover costs for administrative purposes.

Mr. Tramm said the Net Income amount shows \$131,506, and at the time this document was prepared that amount of money was projected income but not yet tasked, but will have two items that will be addressed. One being a part-time person for the Court for \$20,800 and today they found out about a Public Works road paving project that Precinct 1 was going to do, will be extended to the new fiscal year instead of this current budget year, in the amount of \$90,000, leaving \$40,000.

Mayor Countryman pointed out a wonderful job by the Court and Kimberly Duckett, Court Administrator. Mayor Countryman said they projected the Court would collect \$275,000 and to date, the Court has collected \$285,990 and was proposing \$381,000 for the next year. Mayor Countryman asked if that was a conservative number. Mrs. Duckett stated she was being conservative.

Byron Sanford advised they were coming out of a conservative COVID budget year. Mr. Tramm said that was correct and in some of the categories they projected low, thinking of where they were a year ago, stating there is still a lot of unknown as to how that will affect us going forward. Mr. Tramm said staff had to look at the expense of going into the next fiscal year.

Mayor Countryman asked if there was a time frame the City has to use the American Rescue Plan Funds. Mr. Tramm said they received the first phase of the funds and will receive the second part in June of next year. Mr. Tramm said the City has to allocate the funds by December 31, 2024, and expend them by December 31, 2026. Mr. Tramm advised those funds would be set up in a separate account to allow them to track those funds. Mr. Lasky advised the account had been set up today with the bank. Mr. Tramm said they will have to make reports to the federal government regarding those funds. Mr. Tramm said the easiest thing to do would be to

spend the funds at one time on one large ticket item, and said with both water and infrastructure needs targeting those funds will be possible.

Julie Davis asked whether the franchise tax amount was correct for the year. Mr. Tramm advised they received the payment from Entergy in late August or September and it is the largest payment they receive late in the year.

Mr. Tramm advised the sales tax amount has jumped 46.7% from last year's budget and said that he felt his estimate was realistic and conservative.

Mr. Tramm said building permits revenue will depend on when the permitting takes place for the Estates of Town Creek Crossing.

Mr. Tramm stated this year the County had some HOME Grant funds and they expect them to apply for them next year. Mr. Tramm said the City residents are also County residents and they will help direct them there.

Mr. Tramm said the City has a proposed budget of almost \$5.2 million prior to the MEDC contribution, after the MEDC contribution and Court Security funds it is a total proposed budget of \$5,247,715.00, which would be a 34.5% increase from last year.

3. General Fund – Administration – Mr. Tramm reviewed the Administration budget with City Council. Mr. Tramm advised they have not yet received the health insurance rates for next year, which the City's term begins January 1, 2022.

Mayor Countryman asked if the \$45,000 for insurance was based on the current employees. Mr. Tramm said it is adding one person in administration and will apply in the wages. Mr. Tramm said last year they were planning on the addition of one administrative person in the front office, which they did not do during COVID. Mr. Tramm said they did bring a second person in from a contract agency, which is the position they are discussing.

Mr. Tramm said he is proposing this year if he gets City Council concurrence, a 3% merit increase pool, and a 2% cost of living adjustment. Mr. Tramm said if City Council is opposed to the cost of living adjustment they could roll that back into the merit pool as they have done before. Mr. Tramm said he has also included additional money for education and training incentives, which if City Council is supportive of that they will bring to a future City Council

Meeting to present the details. Mr. Tramm said this has been discussed in the past to help retain and attract staff.

Julie Davis asked if Mr. Tramm had looked at the cost of living increase nationwide because next year they are proposing it to be 6.2%. Mr. Tramm said he had not seen that figure but had seen several local governments that were at 2%. Mr. Tramm asked Julie Davis to send him her data so he can look at it because it is different from what he has seen. Byron Sanford said the other consideration is how the City stands in comparison to other areas. Mayor Countryman said the City pays well. Mr. Tramm said he feels the City pays well but not extravagant, but in the target range. Mr. Tramm said there are some things they can do for personnel that accentuates that, such as education and training certifications.

Mr. Tramm said the administrative department does not have a real need for overtime. Mr. Tramm said the retirement line item shows an increase because near the end of the year City Council approved additional retirement benefits, which can be adjusted through a budget adjustment. Mr. Tramm noted that MASA is a staff-funded program for air and ground ambulance services.

Mr. Tramm stated dependent coverage is what has been discussed for additional health care coverage, stating he was asking to cover 50% of the cost for staff's dependent coverage. Mr. Tramm advised family coverage currently costs \$1,203.10, spouse coverage \$635.48, and child-only coverage at \$468.92. Mayor Countryman said it is the officers that are the ones that would like to participate in our health insurance and they have not been able to do so. Mayor Countryman asked the Chief if the 50% is enough because they need to make sure we take care of our officers. Chief Solomon said he felt that was a really good amount. Chief Solomon said he was surprised that a lot of the officers did not carry health insurance. Mayor Countryman asked if this was enough to retain the good talent that we have because she knew the insurance was almost a deal-breaker last year. Chief Solomon said this will make a huge difference.

Mr. Tramm said the other part he was proposing for staff that does not have dependent coverage is a \$300 health savings account for those employees, which is separate from the dependent coverage and could be considered separately. Julie Davis asked if they don't use the funds in the savings account by the end of the year would they lose the funds. Mr. Tramm said no it would roll over to the next year. Mayor Countryman said \$300 per month was stout. Mr. Tramm said they could put in a lower number, and said he thought anything would be welcomed by the staff so they could put in half that amount at \$150. Julie Davis asked if the

dependent coverage was just for the dependents and they were not talking about the dependents and spouse. Mr. Tramm said it would depend on the employee and whether they have family, spouse, or child coverage. Mayor Countryman said the City pays for the employee's coverage and the employee would pay for their spouse and dependent coverage. Mayor Countryman said the dependent coverage would be at 50 percent and the spouse would be at full price. Mr. Tramm said this would cover 50 percent of any of the categories for coverage. Mayor Countryman said with the officer being covered by the City, the spouse is probably covered at their employer and so the children would be at half price. Mayor Countryman said a majority of the officers were not on the City's coverage because it was not favorable and now they could join. Mr. Tramm said the next item was the employee assistance program for mental health supplemental coverage which is available at no cost to the employee.

Mr. Tramm reviewed the general consultant fees advising that everyone knows that City Hall is at maximum capacity and he would like to get an architectural or staffing consultant in to help them figure out what is a more appropriate amount of space and usage and whether a new City Hall would be appropriate. Mr. Tramm advised he was planning on moving sales tax tracking to an in-house function this year. Julie Davis advised Tuesday she asked about the percentage of sales tax revenue that comes from our businesses inside the City, such as Amazon, etc., and she would like to know how much of the City sales tax is coming from those businesses physically located inside the City. Mr. Tramm said it would take them some time to organize but he knew the consultants could produce that information.

Mayor Countryman asked why permits and inspections went from zero to \$195,000. Mr. McCorquodale advised previously the inspections were managed by the previous Public Works Director in 2015 and since then the City Administrator took over and they never moved the funds. Mr. McCorquodale said this would take the funds and move them from public works to the administration budget. Kevin Lacy asked about Code Enforcement for \$30,000. Mr. Tramm advised that was for the City to hire a contracted part-time position to specifically act on Code Enforcement duties, with no benefits. Byron Sanford said as far as code enforcement they need to make sure they are enforcing the code every time. Mr. Tramm said code enforcement would be things like signs, historic downtown, and other ordinance violations, which would not be something law enforcement would handle. Mr. Tramm said they expect to hire someone who is from law enforcement somewhere else, but they will not be law enforcement here.

Mr. Tramm put the amount for audit based on what the audit proposal for this year was and hopefully the RFQ's will come in less. Mr. Tramm advised the finance consulting costs have been reduced with the hiring of Mr. Lasky. Mayor Countryman asked when the financial consultant contract expires. Mr. Tramm said it was either a 30 or 60-day cancellation notice. Mayor Countryman asked if that line item would go to zero when they cancel the contract. Mr. Tramm said they are in the process of upgrading the City's bookkeeping software which will be part of several steps to offset that item. Mr. Tramm said they rely on the bookkeeping company to track capital assets and have the proper credentials to manage the City's investment services.

Mr. Tramm advised computer technology has computer upgrades and software updates. Mayor Countryman asked what software updates were they going to be doing. Ms. Hensley advised that was the financial software. Mr. Tramm said this software is part of a system that was usable across multiple departments. Mr. Tramm said one of the software packages handles the meeting books and produces the agenda packs. Mr. Tramm noted they now have two categories for travel and training to separate City Council expenses at \$5,000 from staff expenses at \$10,000. Mr. Tramm said last year staff did not get to go to a lot of training because, due to COVID, there was not a lot offered.

Mr. Tramm advised the Adams property lease is for the property where the City's electronic sign is located at FM 149 and SH 105 and goes up to Caroline around the Nat Davis Museum. Mr. Tramm advised for the City's use of the property the City pays the annual property tax, which is approximately \$1,000.

Mr. Tramm advised the transfer to capital projects fund infrastructure investment for \$168,494 is the American Rescue Plan money the City will be receiving in the next fiscal year around June. Mr. Tramm said the money will be received by the City and transferred out to the capital projects fund for capital projects.

Mr. Tramm said the sales tax rebatement is related to two primary agreements. Mr. Tramm advised one is a 15-year agreement with Milestone Development/Kroger which comes from the sales tax generated within that block of development in the Kroger Center, including taxable sales at the gas station. Mr. Tramm said in addition to getting a rebate with their ad valorem tax, they get the majority of the sales tax for the length of the agreement. Mr. Tramm said there is a maximum payout for the agreement and he thought that it was unlikely they will hit the maximum before the contract runs out. Mr. Tramm said Kroger was their number one sales

tax generator who was just recently replaced by McCoy's. Mr. Tramm advised that McCoy's was not a part of a reimbursement agreement. Mr. Tramm stated the other sales tax agreement is with The Shoppes of Montgomery, which includes Chick Fil A, the strip center, and Auto Zone, and we are in the second year of a ten-year agreement and it is not as generous as the Kroger agreement.

4. General Fund - Police Department

Chief Solomon said he spoke to Mr. Lasky this morning and the wages were about \$20,000 too high and should be \$945,000. Chief Solomon advised they were asking for a 20% raise over the next three years, which would be about 6.6% per year to get the police salaries in line by 2023. Chief Solomon said they were also proposing the start out salary to go from \$51,200 to \$54,000. Chief Solomon said overtime is showing \$50,000. Chief Solomon said some of that overtime money last year was used on private events that people had in the City. Chief Solomon said he felt the people having the events should be paying for the police costs. Mayor Countryman said they had some officers out during COVID so they have some overtime to cover shifts. Chief Solomon said they also needed to hire two officers, so their wages increased after they hired those officers in addition to COVID. Mayor Countryman asked if the increase for the next three years was enough to keep the officers we currently have, in addition to the insurance. Chief Solomon said it was because if they increase the salaries over the three years and they can add in the cost of living increases. Kevin Lacy asked if they had a cost per officer that would cover all their expenses, training and benefits, etc. necessary to hire an officer. Chief Solomon advised they could get that information from Mr. Lasky. Chief Solomon stated the \$62,000 put in the budget for dependent insurance coverage will also be a good benefit for the officers. Mayor Countryman asked if that was an estimate because she wanted to make sure that it was not too low. Chief Solomon said they discussed it with the officers and that was a pretty good estimate. Mr. Tramm said this was an estimate and they are more likely to be high versus low.

Julie Davis asked about the number of administrative staff that were employed. Mr. Tramm advised there were four administrative employees and two in the front, with 15 employees in the Police Department, with a total of 29 employees.

Chief Solomon said the repairs and maintenance on the contract services, gas costs have increased, but auto repairs have increased dramatically. Chief Solomon said they have been checking various places to get repairs done for a better price. Chief Solomon said they have put

\$27,000 for just equipment repairs. Mr. Tramm said even though they are getting several new police vehicles, there is a long waiting period to get the new vehicles. Chief Solomon said on the vehicles they are replacing they spend about \$7,717 on the vehicles themselves.

Mayor Countryman asked about the computer technology where you only have \$10,000 and asked if this is another line item they overpaid in previous years. Chief Solomon said on some of that they found they were not getting the services out of the ones they used so they dropped some of them.

Mayor Countryman asked about the radios for \$21,902, and while she knows they are police-grade, she asked the Chief to explain this item. Chief Solomon advised that two of the radios are hand-held and two are car radios. Chief Solomon said Montgomery County switched frequencies this year, and when they switched frequencies the Police Department had to have all their radios reprogrammed which cost money. Chief Solomon said two of the hand-held radios need to be replaced. Chief Solomon said they need to be informed a lot more by the Sheriff when they make a change because it affects their dispatch service.

Chief Solomon said the Lieutenant had found a better company to provide uniforms for cost savings. Chief Solomon said they are looking at purchasing stop sticks and stinger flashlights because none of their current officers have that emergency equipment. Byron Sanford asked about the officers and their protective gear. Chief Solomon said the \$7,000 gets reimbursed through a grant for ballistic vests.

Julie Davis asked why there were no police vehicles listed in the new budget. Chief Solomon said they have ordered the three vehicles that City Council approved in last year's budget. Julie Davis said she would like to see a vehicle in the budget for next year that way they are constantly working ahead versus scrambling to buy three or four at one time and asked why they are not putting that in the budget. Richard Tramm said they can put the funds in the budget and then if they don't need the vehicle they would spend the funds. Chief Solomon said they are thinking they will have the one vehicle that is being repaired through insurance. Mayor Countryman said they will have that information before the budget is final so they can add that in if necessary.

Byron Sanford asked if they are watching the growth in the area. Chief Solomon said absolutely, which is why they do not need any staff this year, their officers are on 12-hour shifts and their Sergeants are working 12-hour shifts as well to coincide with their officers. Chief Solomon said on a daily basis and especially at night, they have two officers and a Sergeant on a shift.



Kevin Lacy asked if the \$7,000 for protective gear was for ballistic vests and under capital outlay, there is another \$14,000 for ballistic vests and shields. Chief Solomon said the ballistic vests and shields are actually ballistic helmets and shields which will cover two officers. Mr. Tramm said they will rename that item to reflect the correct information.

Chief Solomon said the investigative and testing equipment was increased to \$6,500 for crime scene equipment for the officers that are in crime scene schools now and will include crime scene cameras. Chief Solomon said you cannot use just any camera for crime scenes, and they usually cost around \$1,400 - \$1,500. Chief Solomon said they also need accident scene reconstruction equipment as a part of that line item. Kevin Lacy asked how many crime scenes they work per year. Chief Solomon said this year they have worked five crime scenes and said they just never know how many they will have. Chief Solomon said he knew they had to do something different when they had two men shot at the park, and said they did an excellent job for what they were doing, and if they had not had a veteran detective along with the officers doing a really good job, he did not know if they would have ever been able to find out what had happened. Chief Solomon said this is just an advancement and where they need to go.

Julie Davis asked to clarify that if something is in the budget clearly earmarked, then it does not require City Council approval to purchase it during the fiscal year. Mr. Tramm said that is not necessarily true, if it is a high dollar amount, such as \$100,000 for a single item, they would bring that back to City Council, but items that are below the bidding threshold will not be brought back. Julie Davis said she would like to see a car in the next budget so that it does not feel like it is a surprise when it comes up because it feels like there is going to be another need coming up and she would rather be proactive rather than reactive. Mr. Tramm said if City Council would like to see it there, they can put it there, and if it is not needed then it won't be spent. Byron Sanford said it could be out of capital outlay, just like if you have to replace equipment. Mr. Tramm asked the Chief if he were to purchase a vehicle, what would the cost be. Chief Solomon advised it would be \$40,000. Chief Solomon said once City Council approved his three patrol vehicles he said they would work with that. Chief Solomon explained that the \$15,000 vehicle replacement fee was when a vehicle is wrecked and replaced. Mr. Tramm said they will add the vehicle in.

Chief Solomon said they have been having some rifle malfunctions, so they are going to trade those rifles in for new ones and the cost will be \$4,000 versus \$12,000. Chief Solomon said the ammunition is estimated at \$7,826 and is taking forever to purchase.

Lt. Joe Belmares discussed the Flock camera traffic surveillance equipment that will help with their investigations. Chief Solomon said he has had the Lieutenant researching this information for about a year and he has been to several meetings and everything in investigations is done by surveillance. Lt. Belmares advised that Conroe Police Department uses the system, which will allow them to tie into other agencies. Lt. Belmares advised they have surveyed the City and they have produced 10 camera locations throughout the City that would intercept any vehicle that comes into the City limits. Lt. Belmares advised the system can be searched for up to 30 days by vehicle make, model, color, and if there are stickers on the vehicle or missing parts because it is a very accurate and detailed system that would help with investigations. Lt. Belmares said they would have control over their system, and they would be able to connect with other agencies that have a system to get data to help with investigations. Mayor Countryman asked if they have been able to solve about 70% more crimes due to their systems. Lt. Belmares said that Memorial Village recovered \$1.5 million in stolen property in 2020 and recovered a lot of stolen vehicles, the City of Fulshear states that this system, even though there is not an officer at the location, can get the information to assist with the investigation. Lt. Belmares said they are not always at the location at the right time but the cameras would be there picking up and receiving information. Lt. Belmares said if a vehicle is stolen or under an amber, blue or silver alert the system will send out a notification to the officers by text and email. Lt. Belmares said when the officers get the text or email they will be able to respond and start in that direction so they can make a stop. Chief Solomon said if the officer is responding to a call and they say a red vehicle was at the scene, they can search the system for all red vehicles that left the City during the time of the call. Chief Solomon advised there would be a recurring cost with the system, with a two-year contract and the recurring cost will be \$25,000 per year. Chief Solomon said they feel it is a really good system for the City. Lt. Belmares said there were a couple of camera locations that they would be moving on FM 1097 so they get more coverage of the vehicles coming into the City. Julie Davis asked if they needed two on SH 105 due to the width of the road. Chief Solomon said the camera placements can be moved and adjusted as needed. Lt. Belmares said the system will capture vehicles moving up to 100 mph. Lt. Belmares said the initial upfront cost for the cameras and installation is \$27,500, and the following year it will be \$25,000. Lt. Belmares advised the cameras are solar-powered and the company will come out and erect the cameras that are run off of LTE, they have a maintenance warranty, and should a camera get run over they will replace one and after that, it is \$500 per camera. Julie Davis asked if more than one camera is destroyed in an accident. Mr. Tramm advised as City-owned equipment it could be covered on our liability insurance. Julie Davis said she assumed they would update City Council on the results of the system. Chief

Solomon said they will definitely keep City Council updated. Mayor Countryman said she knew of a neighborhood that had these cameras and it cut down on the malicious activity. Lt. Belmares said those neighborhoods grant law enforcement access to their cameras. Kevin Lacy asked if they needed to put signs up stating they have cameras. Chief Solomon said a lot of the neighborhoods that have the cameras do have signage.

5. General Fund – Court

Kimberly Duckett, Court Administrator reviewed her budget and advised they would be adding a part-time person for the court nights and the day of court. Kevin Lacy asked if there was a need for a full-time person instead of a part-time person. Mrs. Duckett advised with the warrant officer and the addition of a part-time person they could sustain, and then as the City grows and the citations grow they could implement adding extra hours. Ms. Duckett said she wants someone with court experience. Julie Davis said she was not sure they have room for another employee in that area. Ms. Duckett said that cost will add to item 16600-Wages the amount of \$20,800 for about 25 hours per week. Ms. Duckett said the Judge's fee was reduced since he lowered his monthly fee.

Kevin Lacy asked when the agreement with Documation was up. Mayor Countryman said they just redid the contract a couple of years ago. Ms. Hensley advised Documation is scheduled to be coming in to audit the printers and copiers. Mr. Tramm said he could loop Kevin Lacy in on the renewal when the time comes. Ms. Duckett advised under technology they are wanting to update the court system to Incode 10, which would put everyone on the same system. Ms. Duckett said she has spoken to several courts and they use Incode 10 and it will make her job a lot easier. Ms. Duckett said with Incode 10 they will be able to save postage and instead send out electronic notices. Ms. Duckett said the new system will allow them to be able to see a photo of the person that was issued the citation for identification purposes.

6. General Fund - Public Works

Mike Muckleroy, Director of Public Works presented his budget advising that he would be adding an administrative assistant to his staff, with the salary being split between the public works fund and water/sewer fund. Julie Davis pointed out the 2019-2020 wages show \$20,429 and the proposed budget shows \$155,800. Mr. Muckleroy advised before the start of last year they did switch some things around as to who was paid out of which fund. Mr. Lasky said they will also see a larger number on the water/sewer side. Mayor Countryman asked if the overtime

would be less due to the events coordinator managing the events, so they will be paid for work on the events by the people having the events versus the City. Mr. Muckleroy said that was correct and noted they also have a line item under the water/sewer fund for heavy trash events and things like that. Mr. Muckleroy said the community relations item is they would like to kick off the Open House event for National Public Works Week. Mr. Muckleroy advised mowing went up three percent as was approved by City Council for fuel surcharge. Mayor Countryman asked about the contractor's feedback. Mr. Muckleroy said it was still great and they have no issues with his service. Mr. Muckleroy advised permits and inspections have been moved to administration.

Mr. Muckleroy advised street repairs were budgeted for \$20,000. Mayor Countryman asked which streets were being repaired. Mr. Muckleroy stated this was a smaller line item and not the contract labor streets. Mr. Muckleroy said this item is being used today to fix several issues on Buffalo Springs and cut out the base plate and re-asphalt the road. Kevin Lacy asked if they thought they were only going to spend \$1,000 on this line item. Mr. Muckleroy said they just authorized a combined total of about \$12,000 for the Buffalo Springs area. Mr. Muckleroy said next year they are also going to take out of this item the paving of the Community Center parking lot on the north side because it needs gravel repair and we do not want to deal with gravel. Mr. Muckleroy advised the preventative maintenance item is the crack sealing that they do annually, renting the machine, and purchasing two pallets of material. Mr. Muckleroy advised at the end of last year they elected to purchase all of the supplies they needed for the next year with the surplus of funds they received from COVID.

Mr. Muckleroy stated the culvert expense line item was new, which they started this year and it is a reimbursable item, where the customer wants to get a culvert set, they pay the City \$500 and the City pays the \$500 on materials. Mr. Muckleroy said it was an exact cost in and out.

Kevin Lacy asked if they needed to correct the number for item 16375-street repairs. Mr. Tramm advised they would correct that information.

Mr. Muckleroy gave an overview of the maintenance items and advised the Rotary Club had paid \$15,734 for the year on Memory Park, which helps and they provided free labor. Mr. Muckleroy said he wanted to do a lot of interior repairs to the Simonton building at Fernland Park. Mr. Muckleroy said the exterior painting of that building has already been approved for this year. Mr. Muckleroy said they are coming and replacing all of the rotten wood, caulking,

priming, and painting the entire building. Mr. Muckleroy said the contractor said they would like to wait until the weather cools off a little and after the dedication ceremony.

Mr. Muckleroy said they have \$25,000 for Cedar Brake Park maintenance because they have a lot of sidewalk repairs that need to be done and they want to add a couple of barbeque grills. Mr. Muckleroy said they budgeted \$20,000 for a parameter sidewalk for a walkway, which was addressed on the survey. Julie Davis said they are doing sidewalk repairs at Cedar Brake Park and asked if they are considering widening the sidewalk since it is not handicap assessable and does not meet ADA compliance. Mr. Muckleroy said he would have to get back to Julie Davis with the information, regarding bumpouts every so often versus the full walkway to meet the compliance. Julie Davis said she would like to see the City doing that, and she knew that she had talked to Mr. Tramm about possibly selling pavers to the sides of the path. Julie Davis said there are several wheelchairs and moms with strollers that do not fit on the path. Julie Davis said if one wheel goes off the path the whole chair turns over and it is a big issue, and while they have ramps going to the playground equipment the path is not wide enough for a wheelchair.

Mr. Muckleroy said they are going to replace one of the trailers for \$7,000 that the Rotary Club uses because the current one is in bad condition.

Mr. Muckleroy stated improvements are for a three-room used office trailer for the amount of \$18,000 - \$20,000, to be placed on the back of the property, and then if plans change they can turn around and sell it. Mr. Muckleroy said their current office would be turned into the breakroom. Mr. Muckleroy said the rest of the funds would be used for the preparation and installation of the building.

Mr. Muckleroy said they need to do some drainage culvert work on Pond Street. Mr. Muckleroy said their large item contract-labor streets they started this year in February talking about the County doing the paving. Mr. Muckleroy said they did the Resolution and sent it to the County, and since then the County has contacted us to update the Interlocal Agreement, which they did and then the County finally came out and looked at the work, and gave the City a preliminary price. Mr. Muckleroy said he met with the County yesterday and they are telling him the work will not be able to be done two months from now, so it will roll over into the next budget year. Mr. Muckleroy said after discussing this with Mr. Tramm and Mr. Lasky they are suggesting carrying over \$70,000 from this year into next year so they are not using all that money immediately, which would make the line item 16356- contract labor streets \$220,000.

City Council took a break at 3:25 pm and reconvened the meeting at 3:35 p.m.

7. Debt Service Fund

Mr. Tramm reviewed the debt service fund advising that since the debt service fund had accumulated funds over the last several years they transferred less tax money in there and used some of that surplus to pay the debt services, which they are doing again this year but at a lesser rate. Mr. Tramm advised the adopted amount for transfers out—use of surplus was \$300,627 and this year it is budgeted to be \$135,660. Mr. Tramm said that will allow them to carry over about \$60,000 forward to next year. Mr. Tramm advised they have \$485,090 in ad valorem tax. Mr. Tramm said the total cost for debt service is \$623,250 for the current debt.

Julie Davis asked if there was any benefit to paying down the debt faster instead of transferring the surplus out and just making more payments. Mr. Tramm advised the City is contracted to pay the debt at a certain rate and some come with prepayment penalties.

8. Water & Sewer Fund

Mr. Muckleroy reviewed the revenues and expenditures for water and sewer. Mayor Countryman said she was impressed with the proposed total amount for total charges for service at \$2.1 million and asked if that was a conservative amount or is it aggressive as a 25% increase. Mr. Tramm said the largest amount is the water fees and they did not even have a drought year and said the amount was realistic and not overly conservative. Mr. Muckleroy noted that half of the new administrative assistant's salary was included in the wages.

Mr. Muckleroy said he will be bringing a proposal to the next City Council Meeting for endpoints because 522 of their endpoints are reading on the old technology and will no longer work after January 2023. Mr. Muckleroy advised the endpoint is the brain of the meter that sticks out of the top of the meter box and stores and sends the data for the meter reads.

Mr. Muckleroy said the increase in the operator item is the old contract for last year at \$40,000 which was for basic services, and the new contract was built where the basic services include all of the preventative maintenance items at all of the facilities. Mr. Muckleroy said they used to pay for those items separately it is now included in the basic services; they are still paying the same amount it is just under one line item so they will have a reduction in the other item.

Mr. Muckleroy advised they increased sludge hauling to \$34,000 by reducing the \$5,000 in postage to \$1,000 and moving that \$4,000 to sludge hauling. Kevin Lacy asked what was sludge hauling. Mr. Muckleroy advised it was the waste from the sewer plant that remains and is dewatered and removed by a tanker truck. Mr. Muckleroy advised their telephone costs should go down this year since they went from Consolidated to Verizon and cut the costs for each lift station per month in half, from \$40 per month to \$20 per month.

Mr. Muckleroy said under water sewer maintenance they have \$10,000 for the office build-out. Mr. Muckleroy said they want to do some driveway work at the sewer plant because they have a gravel driveway that is always requiring work. Mayor Countryman asked if they should pave the driveway. Mr. Muckleroy said he did not want to pave the driveway because they have 80,000-pound trucks that use that driveway. Mr. Muckleroy said if they ever do anything they would have to do concrete and he would like to look at doing it from the main road to the gate next year and then start working on the rest on the inside.

Mr. Muckleroy said the utility projects' preventative maintenance includes the surplus funds and includes anything that comes up unplanned throughout the year. Mr. Muckleroy stated the transfers out construction will be discussed by the City Engineers.

Julie Davis asked Mr. Tramm regarding the insurance line items for the dependent insurance, whether that was including the \$300 per month, or whether it was grouped together. Mr. Tramm said it was grouped together, which they could break that out as a sub-item to identify the cost for the lowered amount of \$150 per month, or they could leave it to know they have the additional coverage if it is needed. Julie Davis asked what the need was for the \$150. Mr. Tramm said they have staff members who do not need dependent coverage and that would be something for them should they have additional medical coverage needs. Mr. Tramm said that was why he presented that to City Council as two different items. Julie Davis said she just felt the issue was that we were not serving our police officers and that was the issue they were trying to cover. Julie Davis said she feels like there is a hidden agenda with the \$150 or \$300 and she would like to see the two pulled apart. Mr. Tramm said they can easily break those apart into two sub-categories. Mr. Tramm said the benefit is not just for the police department but across all the City.

Kevin Lacy left the meeting at 3:54 p.m.

9. Special Funds - Capital Projects Fund

Mr. Chris Roznovsky, City Engineer, reviewed Capital Projects Fund sources of funding for \$2.28 million in GLO grant proceeds. Mr. Roznovsky advised there were already funds that were going to be spent out of this fiscal year for the engineering and grant administration.

Mr. Roznovsky said the proposal for the transfer from MEDC at \$160,000 is an option for a sewer line on SH 105. Mr. Roznovsky said this option is two-fold, one being currently the Solomon Electric Building is served off of a small lift station that the City has to maintain with service and electricity. Mr. Roznovsky said this project would take the service that is an existing 8-inch line by the Heritage House and would extend it out to SH 105 to eliminate the lift station. Mr. Roznovsky said at the same time it opens up for development because there would be water and sewer service. Mr. Roznovsky said it is slated to MEDC since it is economic development driven for the food truck park development. Mr. Roznovsky said the City has 17 lift stations, due to the way the City was developed.

Mr. Roznovsky said the Utility GRP Transfer of \$628,469 is the Water Plant 3 Improvement Project for next year. Mr. Roznovsky said the Lift Station 3 project is still on hold. Mr. Roznovsky said the CDBG Block Grant – Baja is the project that has been completed for 14 months and they are still waiting for the reimbursement to come back.

Mr. Roznovsky said the Impact Fees big driver for what will be paid into that will be Hills of Town Creek Four at approximately \$3,800 per house. Mr. Roznovsky said the LeFevre development does not apply to this cost, but the Kammerer tract will pay into this, and anything else new would come in. Mayor Countryman asked if the economically affordable homes would fall under the impact fees. Mr. McCorquodale advised the current residential water and sewer tap is very close to what the impact fee is, but what changes is what they can spend that revenue on. Mr. Roznovsky said they are coming up on the due date for the update on the five-year plan.

Mr. Tramm advised the transfer from the general fund to police vehicles are funds that are historically transferred for future vehicle purchases. Mr. Tramm said the infrastructure investment is transferred from the general fund.

Mayor Countryman asked Mr. Roznovsky if he sees anything in the budget with any big items that they need to start looking at, such as the water tower out west. Mr. Roznovsky said on the heels of the impact fee update is an update of the Master Plan and the biggest component of those is the sewer plant because of the time and steps involved. Mayor Countryman said the



City has the property purchased and they know where it will be located. Mr. Roznovsky said it is FM 149 just south of Lone Star Parkway where the old plant is located. Mr. Roznovsky said with the Kammerer tract coming in and Hills of Town Creek, and the growth patterns in the last five years, it does not make much sense to take the sewer from the Kammerer property to Chick Fil A versus stopping halfway and not utilizing the line capacity. Mr. Roznovsky said the cost of that new facility is going to be in the range of \$8 million. Mr. Tramm said it will serve the City for years to come. Mayor Countryman asked what the life expectancy is for the 2024 sewer plant. Mr. Roznovsky said as long as the plant is kept up and maintained, they have had facilities that are 50 years old. Mr. Tramm said easily 50 plus years.

Mr. Roznovsky said they would look at Lift Station 1 at the Stewart Creek Plant, where the pumps are sized for today, but the structure was sized for double today. Mr. Roznovsky said they could add the second plant and switch up some pumps and piping and they do not have to get into the structure itself. Mr. Roznovsky said it would be the same thing at this plant with Lift Station 2 would get replaced because it is old and problematic and the pumps sized for today, but the structure would be large enough to go forward.

Byron Sanford asked to confirm that an above-ground water source is not needed for drinking water. Mr. Roznovsky said the drinking water is the next item, advising there are two ways to look at the water, one is based on capacity and the number of connections, but what is different is the physical locations of where the connections are occurring. Mr. Roznovsky said the Kammerer tract is about as far away from the plant as you can get, and if they go forward with their development, and Hills of Town Creek Section Five, the need for a plant facility out by the Hills of Town Creek makes more sense because now they can produce water locally and we are only having to go a half-mile versus two miles.

Mayor Countryman asked what was the cost today for a water plant. Mr. Roznovsky said in 2015, the elevated structure and control building was estimated at \$2.7 million. Mr. Roznovsky said what would need to be looked at will be the concept of putting another well on that side of town and would be a good potential to have that ability to produce water on that side and not just rely on the tank to fill up from the system. Mayor Countryman asked what that cost would be if they put in a Catahoula Well. Mr. Roznovsky said that cost would be a couple of million dollars since that is a deep well.

Mr. Roznovsky said one of the things that you can do with the impact fees is pay for the projects outright, but you can also pay debt service out of impact fees, such as the waterline project

downtown, which is on the list. Mr. Roznovsky said as they pay the TWDB loan, they can use impact fees for that debt service. Mayor Countryman said she was looking at about \$15 million to be safe. Mr. Roznovsky said yes.

Julie Davis asked what is the timeline for all these projects. Mr. Roznovsky said if development continues like it is, then in the next five years. Mr. Roznovsky said based on their projections they are looking at 70-80 homes per year, and that is before the Kammerer tract develops. Mayor Countryman asked if that was five years to start or five years to be completed. Mr. Roznovsky said the sewer plant would need to be completed, which is why they have to get their plans updated.

Julie Davis said she had asked about needing fire hydrants along Womack Cemetery Road when Kammerer builds because that is the only way she will get water to her home. Mr. Tramm said the water will be included.

Mr. Roznovsky reviewed the Engineering 43890, stating that Water Plant 3 was \$34,000, Downtown SH 105 Improvements carried over \$15,000, Engineering for all GLO projects is \$175,000, and the Liquid Bleach Conversion from chlorine gas for \$50,000. Mr. Tramm said the switch from chlorine gas is not only a safety factor for staff but residents that may move into the area.

Mr. Roznovsky said the Water Plant 3 System Generator – GLO is budgeted at \$501,000, Downtown Waterline Improvements at \$91,300 for the final items, Water Plant 3 Improvements at \$996,550 and is starting this month, CDBG-Baja final payout for the grant at \$38,000, and the Bleach Conversion at \$311,000.

Mr. Roznovsky advised the \$508,000 for streets and sidewalks is for the TxDOT sidewalk project that will be submitted for a grant, so this is a placeholder. Mr. Roznovsky said they should know in October the results as to whether the City will get the funding. Mayor Countryman asked if that was Bessie Price Owens and MLK. Mr. Tramm said that would be an 80/20 matching grant where the City has to fund the whole project upfront and then get reimbursed. Mr. Tramm said they do not have the compensating income line in the budget because they do not know when they will receive the income, because they won't receive the income until the project is complete and it will be a future fiscal year. Mayor Countryman said it was good to have it included.

Mr. Roznovsky said item 48002-Utility Project/Preventative Maintenance includes reevaluating and making repairs to the sewer system, as the City has done in the past. Mr. Roznovsky reviewed a report regarding what would be looked at this year, which includes historic downtown, the older lines in the City, up FM 1097, through Lone Star Estates, and by the High School. Mr. Roznovsky said in 2022-2023 they move to the newer items and the large line along Lone Star Parkway, which most of the flow of the City goes through that line. Mayor Countryman said this will answer Mrs. Stewart's issues. Mr. Roznovsky said yes, they will televise that line and the results of that will come back and detail the issues and their locations. Mr. Roznovsky said they are proposing to do 50% this fiscal year and 50% the following year. Mr. Roznovsky said there is also information regarding what was done in 2017 and said some of the items have been handled, but some that were more long-term maintenance are still outstanding. Mr. Roznovsky said all of the work including the lining of some of those pipes is in this line item. Mr. Roznovsky said the thought is going into the next fiscal year any repairs that can wait in the blue can be put in that budget, and then analyzed in the next section. Mayor Countryman said this is a sound and reasonable plan. Byron Sanford concurred it was a plan.

Mr. Muckleroy stated it includes all manholes that will be inspected by a City operator. Mr. Muckleroy said they have never done this annually and they have never done every manhole in the City. Mr. Muckleroy said H2O should be starting the first round of manhole inspections next week. Mr. Muckleroy said they would be doing one-quarter of the manholes every quarter of the year, which will end up with every manhole in the City being inspected annually. Mayor Countryman said half of the manholes needed repairs last time according to this map and 50% were good and 50% were bad, so it sounds like they definitely need to keep their eyes on them. Mr. Roznovsky said with the annual inspections of the manholes it will help prevent new construction from covering them up. Mr. Muckleroy said each manhole is on a map and has GPS coordinates and they can locate them. Mr. Roznovsky said the MLK/Baja area Community Center Drive is in the GLO project to be looked at so all the home lines in the City will get looked at this year.

Mayor Countryman asked to confirm that for the amount of \$205,000 the City will have every manhole looked at and will know what all of our pipes look like and they will be clean and repaired. Mr. Roznovsky said that is only for the inspection portion. Mr. Roznovsky said due to the age of Waterstone and Hills of Town Creek is about ten years too early to spend the money to send a camera through those lines, but it is worthwhile to have the manholes checked.

Byron Sanford asked, other than the \$160,000 from MEDC is there anything that MEDC can do to help for this next fiscal year. Mr. Roznovsky said he and Mr. Muckleroy looked at a handful of items and that item was the one they felt was the most beneficial that they could truly tie to an economic development function and a City function. Mr. Tramm said during this fiscal year MEDC paid toward the cost of the waterline upgrade in town and the MEDC has funds that are dedicated to smaller improvements that in the past have gone to specific business areas and that money is still going to be in their budget as other needs come up and are identified later.

10. Special Funds - Court Security Fund – covered under Court Budget.
11. Special Funds - Court Technology Fund– covered under Court Budget.
12. Special Funds - Hotel Occupancy Tax Fund

Mayor Countryman said she knows the City is missing out on hotel taxes and she knows that Mr. Tramm is looking into where those funds are being deposited. Mr. Tramm said just this week the City Attorney reviewed a contract with a company to do that work and should be ready to be on the next City Council Agenda for approval.

Mr. Tramm reviewed the Hotel Occupancy budget stating he had increased the Hotel Occupancy collections to \$12,500 because he does not really know what to expect, and certainly they would be expecting more. Mr. Tramm said he had \$4,700 for contract services that would be both the start-up fee, and after that they only get paid two ways; one is they receive a nominal fee when hotels make a reporting, and two when they find non-payers they receive a commission. Mr. Tramm said if they manage to collect back taxes they also get a commission off of those fees, but the City is still collecting 78% of something they would not have collected. Mayor Countryman said she would love it if the City would collect this money because she knows that Tom Cronin has properties he is receiving and not paying taxes on and then Jeff Angelo also, she has not seen him show up and his rooms seem to be busy. Mayor Countryman said Mr. Lasky said only the Magnolia House is the one reporting and paying so we are missing out. Mr. Tramm said this company will also establish a portal to pay, so if they should get a regular hotel or additional establishments it would not be a staff function. Mr. Tramm said he expects there will be more money found. Mr. Tramm said he did budget some of that money to be used for tourism-related expenditures for \$7,800.

13. Special Funds - Police Assets and Forfeitures

Mr. Tramm said this was an as-needed fund. Chief Solomon said they tried to keep it there for specific needs. Mr. Tramm said the last thing they discussed a while back is if there is something urgent that comes up that they cannot otherwise budget they have the funds there. Chief Solomon said it has become more difficult to seize vehicles.

**14. Special Funds - Montgomery Economic Development Corporation**

Mayor Countryman asked what the removal of blight is under the quality of life category. Mr. Tramm said that has been used in the past to help clean up some private properties that might have a lot of junk and debris at the entry corridors on FM 149 to give a better look for people coming into the City. Mr. Tramm said he thought it had been used in prior years a bit more liberally than the current MEDC Board looks at it.

Mr. Tramm said the projected income for the fund is \$1 million and the projections were done a month before the City budget so there is probably some upward room for that. Mr. Tramm said the MEDC only gets its revenue from sales tax. Mr. Tramm advised the downtown improvements amount to \$172,250, \$40,000 on streets and sidewalks, \$50,000 utility extensions, and \$160,000 for City Capital Projects.

Mr. Tramm advised the line item sales tax reimbursement is the component portion of the reimbursement agreements the City has. Mr. Tramm stated the economic development program is an application-based program by local businesses to MEDC.

Mr. Tramm said under Category III – Category of Life, you see events with zeros and some with dollar amounts. Mr. Tramm said the ones with dollar amounts are City and MEDC based events for which they have a working budget; the ones with zeros are entities that either in the past or will request MEDC funds and the \$40,000 at the top is available should they come forward. Mr. Tramm said one that MEDC is currently working with for the next fiscal year is Charlie Diggs with the October Fall Festival. Mr. Tramm said part of the potential agreement is based on ticket sales, money would be returned to MEDC. Mr. Tramm said the MEDC Board saw the draft contract and gave its tentative okay and it is in the hands of Charlie Diggs and his people at the moment. Mr. Tramm said based on the attendance the MEDC could receive part or all of its funds back with an additional amount. Mr. Tramm said there is an increase to the Christmas Parade, which the City has taken over, the Quilt Walk is a new event, the Antiques Festival is now a City event and any revenue will return to the MEDC for future events. Mr. Tramm said the Fernland Dedication on September 25<sup>th</sup> is a ten-year anniversary in the current year.

Julie Davis said this is a lot of events, and they had just talked about the police doing overtime, so if MEDC is going to be making money on these events, are we asking them to include a line item for police staff. Mr. Tramm advised that the MEDC sponsorship does include that. Mr. Tramm said since MEDC is providing the funds for the events, some strings can only be provided for certain items and one of those very specifically is police security. Mr. Tramm said some of these events are large enough that they require a health component at the event, such as EMT's and can be up to \$2,000.

Mr. Tramm said for the record the MEDC is statutorily limited that it can spend no more than 10% of its income on marketing and tourism items and it does not come close to spending that.

Mr. Tramm reviewed the remaining administration budget. Julie Davis asked how many were on the MEDC Board. Mr. Tramm advised there were seven members, two being on City Council. Julie Davis said the travel and training budget is double what City Council has. Mr. Tramm advised he knew that some of their training is more expensive.

Mr. Tramm asked Mr. Lasky for the balance remaining in surplus following the changes in the General Fund. Mr. Lasky advised they had \$706.00 remaining.

Julie Davis asked about the Capital Improvements that were discussed earlier for the \$15 million for infrastructure in the next five years. Julie Davis asked if they were talking about borrowing those funds or a bond election. Mr. Tramm said the process for that begins in fall and winter with doing an analysis of the City's needs because you do not want to have too much or too little capacity. Mr. Tramm said at that point they will develop a cost component and then they will talk to their financial consultant on how to best obtain those funds. Mayor Countryman said first they need to look at the Comprehensive Plan and see what they are going to do and then find the funding source to fund it. Mr. Tramm said they are looking at late winter or early spring of next year. Mr. Tramm said some of the laws have changed and they may require elections for the funding. Julie Davis said her biggest concern is that MISD is looking at a bond election for this next election, so if we are discussing a bond it would be going back to our constituents and saying we need this, and then a year later the City comes and says they need this. Mayor Countryman said that is the aches and pains of a growing area, your schools are growing at a rapid rate and our footprint and service area are growing. Mr. Roznovsky said when the impact fee and costs get updated it shows the projects for the next ten years with the

costs and the growth that is driving those projects. Mr. Roznovsky said our impact fee is not set up as a prepayment, they pay as they develop and request meters and permits. Mr. Tramm said they do need to be cognizant of other events going on and the timing of them. Mr. Tramm said they have impact fees coming and some funds set aside so they can do some of the preliminary work before they would take the step of borrowing money, which could extend the timeline for borrowing money. Mr. Roznovsky said with a lot of the developments having agreements with the City, they can help front some of the costs in lieu of impact fees, because they have the ability to not access the impact fees. Mayor Countryman said they need to go out and find grants.

Mayor Countryman said she had to say when she reviewed the budget, she did not feel like she had to hunt around to find where department heads were needing money and felt it was an exceptionally clean and straightforward budget. Mayor Countryman said thank you for all the hard work to make it that way because historically that has not been the case. Mayor Countryman said Mr. Tramm has been working hard letting the old stuff fall off and now she feels like it is finally a clean budget and an excellent job because they started with a painful mess. Mr. Tramm said from the staff's point of view, we realize you as elected officials take time out of your day to work on this and he appreciates staff for putting in hours of work on this. Mr. Tramm said we all appreciate the opportunity to present the information to City Council and to have the interaction with City Council so we can understand your priorities. Mayor Countryman asked that next year they start earlier so that if there is some back and forth there is time. Mr. Tramm said he already has it scheduled for next June.

Byron Sanford said he knows when they make these long-range plans you cannot give a whole lot of detail, but he thinks it helps our cause to educate the public, so we could do a good job to get out the plan and be proactive and get the message out that your streets are going to be fixed and the manholes and lines are going to be inspected. Mayor Countryman said you have to adopt the budget before that is stated. Byron Sanford said the plan is no good unless they can clearly articulate it to the public in a consistent manner, which is what he was hoping for and said thank you for that.

15. Discussion 2021 Tax Rate – There was no discussion regarding this item.

## **ADJOURNMENT**

Mayor Countryman adjourned the Workshop Meeting at 4:53 p.m.

Submitted by: Susan Hensley Date Approved: 12/14/2021  
Susan Hensley, City Secretary

Sara Countryman  
Mayor Sara Countryman

