

**City Council Workshop
MINUTES**

March 25, 2024 at 5:00 PM

CALL TO ORDER

Mayor Byron Sanford called the meeting to order at 5:00 p.m.

Present:	Byron Sanford	Mayor
	Carol Langley	City Council Place #1
	Casey Olson	City Council Place #2
	Sara Countryman	City Council Place #3
	Cheryl Fox	City Council Place #4
	Stan Donaldson	City Council Place #5
Also Present:	Gary Palmer	City Administrator
	Maryann Carl	Finance Director
	Diana Titus	Deputy City Secretary

WORKSHOP ITEMS:

1. Discussion of a Private Road Acceptance Policy for the City of Montgomery

Mr. Palmer said if you recall back in February during one of their meetings on the public comment section of the agenda a couple gentlemen came from one of their subdivisions asking about the possibility of the City taking over their private street. He said he was looking at this and it is not an uncommon issue for cities to get these types of requests. You will have developers that come in and build streets that are then dedicated to the City from the City to accept prior to everyone moving in. It then goes through a pretty vigorous inspection process through the City for them to accept which is criteria they have to take streets into their system. Then you will have developers, through the allowance of the City build private streets. These streets are not inspected by the same standards that normally would be if they were going to be taken into the City system. Sometimes you will get streets that are substandard that over time start having issues and subdivisions would want the city to take that over. You may have a case where in this case most of the residents did not know it was a private street so they are asking the City to take it over for one reason or another, but like anything else they need to have a policy in place to make sure they go through some sort of deliberate process where they do an analysis and making sure that whatever they are taking into their public system that everyone is going to use is acceptable of our standards and meets the standards of other agencies as well.

Mr. Palmer continued the direction made for him when the gentleman came and spoke was to put something together, workshop it, and then see what Council wants to do with it from there. In the packets he developed a draft policy and maybe for their purposes it is best to focus on #2 which is the Specific Criteria for Acceptance. The rest just talks about the application process and some of the standards they would be looking at.

Councilmember Cheryl Fox asked how did all the other cities and Stan and Byron's subdivision by the high school and Buffalo Springs become City and not have any kind of policy in place. How did that happen.

Mr. Palmer said if they were developed and went through their development process or WGA is analyzing their plans or they are going to Planning Commission all of that is inspected through the plans to make sure they meet our specs and then once approved will also have the inspectors go out there and inspect it while the construction is going on and do all the testing to make sure they are meeting our standards. Once they do there is typically a period after they are done developing until the time we accept it into our system there is a period of about a year they go through before they take full acceptance without a warranty and he thinks there is usually a warranty period or some sort of bond that is put up after that to make sure they are not incurring costs or favors of that system they accepted into their public system. There are two ways you can do it. You can do it that way where you go through the process on the front end or if you are wanting to develop as a private road and the City allows you to do that then that is a whole different process. They would not be inspecting those like they would if they were going to be coming into our streets. For example you may have sidewalk widths that differ from widths required if it was a public sidewalk and street widths that differ from what was required for a publicly accepted street. It is two different processes.

Councilmember Cheryl Fox asked who would actually answer for the ones say for where Byron and Stan live who would answer for how those streets were accepted. She asked if it were the engineers who were there at the time.

Mr. Palmer said yes it depends on what process they went through. He is assuming when those subdivisions were developed it went through our planning process. They were originally planned to be City streets and they dedicated those streets over to the City after the development was done.

Councilmember Sara Countryman said with Buffalo Springs their streets were private and not until 2014-2015 did they become public but none of that is according to our City. She asked if what Mr. Palmer is saying is that the City Engineers approve it up front, the developer builds it and then later on the development decides to come in and be taken in by the City and that those standards could be two different standards.

Mr. Palmer said yes if you are going to build a private street.

Councilmember Sara Countryman said she always thought the idea was to turn it over.

Councilmember Casey Olson said Mr. Lefevre turns it over to the neighborhoods and then says it is on you.

Councilmember Stan Donaldson said his concern is the fact that the people who live there were under the impression they were not private streets so there was some kind of miscommunication. They were bamboozled into something they did not plan on. He said he respects the fact they need criteria to set up an orderly process to take these people in but this process here puts an undo burden on the people at Lake Creek Village.

Mr. Palmer said yes you have to do a lot to be accepted in the public system.

Councilmember Sara Countryman asked if they could start making every street has to be public unless it is behind a gate.

Councilmember Casey Olson said you put the policy in place that says if you want it to be a public street you must follow these guidelines and if not you will not be allowed to be public.

Councilmember Sara Countryman said she thinks they should take in these streets and then moving forward apply this process because these streets were built without a process in place and Mr. Lefevre typically builds, accepts, and turns them over.

Mayor Sanford said that led them to two or three years ago when a situation came up about the lighting in his neighborhood. There was a corner that was completely dark and he asked engineers to go out there and they came back and said the poles were supposed to be 375 and they are not so obviously there is a gap. Then he asked the engineers and that is why he made the point you are going to have to go out before you pass open this warranty in the dark to check what is number four on lighting. He said he is hoping this is the type of thing and he agrees with Councilmember Sara Countryman, from this point forward they move forward on the policy. He said his hope is that a policy like this gives our staff some teeth to go back out because the fact of the matter is he asked Midsouth to pay for it and all kinds of people to pay for it and no one came back to pay for it. He said he thinks a lot of them assumed that if you were gated you were private otherwise you are going to get connected because that is part of the development. Mayor Sanford said he thinks they should not hold anything against the current need and then move forward with this policy.

Councilmember Stan Donaldson said he totally agrees and wants to go ahead and grandfather Lake Creek Village in and set the criteria for the future problems but he does not see any reason to burden Lake Creek Village with this type of system at all.

Councilmember Sara Countryman said it is her understanding their streets are actually in pretty good shape other than there is a hairline at which Terracon stated that if you pulled it up it would weaken it more than it does with the hairline and they have streets with three inch gaps.

Councilmember Casey Olson said they need to understand what is there for infrastructure as far as what is there for the storm sewer and storm drains and what did he put in which he believes there is some information out there.

Mr. Palmer said he has a report they provided but does not know from how long ago.

Councilmember Casey Olson said if they just blanket take it in and take the burden off the neighborhood the neighborhood cannot go back to Mr. Lefevre and sue him for poor building practices. At some point they need to make sure what they are getting is worth the risk and then if it is not they have to leave some of that liability on the neighborhood, not all of it but some of it so they at least have the teeth to go back to Mr. Lefevre and say he has to fix this. We cannot do it as a City because it is private and they volunteered after he turned it over to give it to us so that means we accept that liability. He said he is not willing to do that without leaving them some kind of go back to the builder.

Councilmember Sara Countryman asked if they can just accept the streets and then leave the drainage part in question and go back and do some due diligence on the drainage.

Mr. Palmer asked is the drainage the big issue.

Councilmember Sara Countryman said she does not know.

Councilmember Casey Olson said that is the thing. They do not have any information.

A Lake Creek Village resident said they have water flow from Memory Park, Buffalo Springs, and the Library area that comes flowing down through their neighborhood. He said he lives at Racetrack Lane and there has been a storm or two where water has come over their street and his fear is that it is not their water. It is not draining from their neighborhood but every other neighbor from other streets within the City of Montgomery. If that is washed away how are they going to get out of their neighborhood.

Councilmember Casey Olson said he is not concerned with the surface but is more concerned with what they cannot see, the drains and pipes underground. They just replaced \$700,000 worth of storm drain that collapsed because they put in a subpar product.

A Lake Creek Village resident asked if it was the product or stabilization.

Councilmember Casey Olson said it was the product as they put in plastic.

Councilmember Casey Olson said his issue is if they take it on and accept that liability they can no longer go back to the builder and say they put in garbage because they have the option to say no. If they leave some of the liability with the neighborhood they can go back to the builder.

Councilmember Sara Countryman asked for how long.

Councilmember Casey Olson said he does not know.

Councilmember Sara Countryman asked how long has the HOA been there.

A Lake Creek Village resident said they took over in 2019 but it was built in 2016 which was only section one with two streets. He said the upper end is even newer.

Councilmember Sara Countryman said we have had some significant storms in those eight years.

A Lake Creek Village resident said he has water come over the corner but Mr. Lefevre told him the lake is like 157 feet down from here, do you think your house is going to get water when there is that drainage right there going down under Lone Star Parkway. The entire lake would have to fill up and back up and flood in your neighborhood. He said their biggest problem they have seen is the water coming from Buffalo Springs and from up by the Library and Montgomery. He said he sent an email recently regarding all this muddy and mirky water that came off the construction site and who knows what was in that. He said they are catching whatever comes in. The neighbor right across from them spent thousands of dollars trying to keep the water from Buffalo Springs coming and flooding his backyard and swimming pool. Mr. Lefevre also told him these streets are better than anything the City even has.

Councilmember Sara Countryman said she would agree with that.

A Lake Creek Village resident said when he came here there was no indication until after he bought the house that this is a private community. He said he has lived here since 1983 and said those streets down there are not a concern, the drainage or sewage maybe.

Councilmember Casey Olson said the sewage has to be built to spec but storm drains do not.

A Lake Creek Village resident asked if that is where it is coming from under the streets.

Councilmember Casey Olson said if they had to go in and tear up those big heavy concrete streets to fix the storm drains because they have nice curbs and sidewalks there those drains go somewhere.

A Lake Creek Village resident said he has been here since 2017 and he loves the neighborhood but he is going to put his foot down regarding blocking off a passage through their community. He said he is tired of people speeding through the neighborhood, running stop signs, and little kids out there playing and riding electric scooters down through the neighborhood. He said he is thinking where they live in the city limits of the City of Montgomery, Texas they are voters and they pay their taxes. It is time those streets belong to the City. Either that or they put up some sort of gate going in.

Councilmember Casey Olson said those concrete drains that run underneath the sidewalk and go somewhere are buried somewhere. He said there should be some engineering information that will tell them.

Councilmember Sara Countryman asked if Mr. Palmer has that information.

Mr. Palmer asked when they did that study.

A Lake Creek Village resident (Larry Finke) said he has the original material.

Mr. Palmer asked Larry Finke how long ago was that.

Larry Finke replied the report was dated August, 2016. He said Terracon did Section One and Buffalo Springs. Randy Roan Construction did the postal and all the testing.

Mr. Palmer asked with it being eight years old is it still valid.

Councilmember Casey Olson said it does not matter as no one went in there and changed the piping and that is what we are looking for.

Mr. Palmer asked if this is boring samples.

Councilmember Casey Olson said he is more looking at what is underneath the road. The roads are not an issue.

Larry Finke said he had a civil engineer look at it.

Mr. Palmer asked did they camera the system.

Larry Finke said no they did not camera the system. He said they took the results and went from there.

Councilmember Casey Olson said he wonders if Mr. Lefevre has it.

Councilmember Sara Countryman said for sure he would have it. He made it. Does he not have plans.

Larry Finke said no he has been trying.

Councilmember Sara Countryman asked if could he not provide how he constructed the materials.

Larry Finke said they have that. The 6,000 psi is what Mr. Lefevre told him the concrete was but knows there is a concern about underground drainage.

Larry Finke said the water in that section you can walk through it.

Councilmember Casey Olson said up on the hill is where it comes down and asked what did he put in the ground.

Councilmember Sara Countryman said surely he did not change.

Larry Finke said some of that runs into the pond at Memory Park and some of it dumps below where Rusty lives where the retention pond is.

Councilmember Sara Countryman asked if those were concrete by his house.

Councilmember Casey Olson said right where they drive over yes.

A Lake Creek Village resident said that is where they see the water coming from.

A Lake Creek Village resident said if there was something drastically wrong he would not be up here trying to sell you on this.

Councilmember Casey Olson said he is not worried about the drainage at the bottom in the first section because of all of that is above ground. It is everything that is underground that comes off the hills of their own neighborhood.

Councilmember Sara Countryman said it is all going out to that concrete pipe that goes out to the lake.

Councilmember Casey Olson said which they know works.

Councilmember Sara Countryman said she still stands by she thinks they should take it in.

Councilmember Casey Olson said he is not against it; he just wants some more information.

Councilmember Stan Donaldson said he understands where Councilmember Casey Olson is coming from but his question is how in the world do they get a subdivision that is built inside the City, how are they able to do that without any engineering oversight from the City itself from back in 2015 because today you cannot even put a fence up without the City getting involved. How did they get away with that in 2015.

Councilmember Casey Olson said because the City gave him a license to do what he wanted for 20 years.

Councilmember Sara Countryman said the PID just expired. They had no say on anything. He just had architectural oversight and that is it.

Councilmember Casey Olson said when the State allows you to build private neighborhoods within city limits, he just claims that is his private neighborhood and he can do what he wants, you do not get to tell me, it is on them and then he leaves. The homeowners in the City are then stuck with his problem.

Mr. Palmer said this is not a City of Montgomery issue. Mr. Palmer said it is a way for developers to take money. They know they can come in and develop and then are gone. Five years later when the road is falling apart and that person is gone, the City is still here.

Councilmember Casey Olson said that is why they want to put things like this in place that says the builder has to sign off that they understand they will never be a part of the City if they do not endorse this.

Councilmember Casey Olson said he would just like more information to see what they are getting into.

Mayor Sanford said it is possible they may be looking at some sort of caveat that they are all for this with a contingency to move forward in a certain way.

Mr. Palmer said they have two issues. They have a policy issue and a Lake Creek Village immediate issue. He said he recommends at a minimum to get the HOA to camera the system. He said if you are willing to look at this as accepting this road and accept the data Larry Finke gave us for the road condition and willing to say okay the road is fine, at a minimum he thinks they need to get the system underground camera.

Councilmember Sara Countryman said either that or track down Mr. Lefevre for the drainage material list.

Mr. Palmer said he is not going to track down Mr. Lefevre.

Mayor Sanford said they may be looking at something with a contingency statement based on a camera study.

Mr. Palmer said they do not have a policy in place and can bring that forward and if everyone is okay when the footage comes back and it looks like the system is good you can accept the system and then they can enact this policy for any future roads, private roads that want to become accepted into the system have to go through this process.

Councilmember Sara Countryman asked when they camera the system are they looking at materials or deficits, what are they looking at.

Councilmember Casey Olson said they are going to see conditions, to see if it is still in good shape or is it starting to collapse.

A Lake Creek Village resident asked if there is anything the City can do to force the developer to be honest. He said he bought a house inside the city limits of Montgomery and lived in two houses within the city limits of Humble. When you buy a house in the city you do not own the street.

Councilmember Sara Countryman said she understands and 10-15 years ago this city was a completely different place than it is today. We are growing up. You could have literally drawn a neighborhood on a napkin from Ransom's and turned it in.

Councilmember Casey Olson said there are things they can do including policies like this one. The rezoning process they are going through currently but right now it does not exist.

A Lake Creek Village resident said he attended several meetings when the Buffalo Springs bridge flooded out and remembers hearing a lot about Mr. Lefevre's deals with the City.

Mayor Sanford said it is his neighborhood too. He wanted to address the safety and once he had the Chief of Police making certain rounds and now that western part is developed and there is a phase five about to come in and Chief is working on it. He is going to have to get regulars instead of a two patrol at a time. It is going to end up being three otherwise they cannot get around. He said just the Chief's presence has slowed them down and they actually stop at stop signs every now and then.

Mr. Palmer asked if they are good with having a camera and sending it back to the City.

Larry Finke said yes.

Councilmember Sara Countryman asked Mr. Muckleroy what it generally costs for televising and if it is by foot.

Mr. Muckleroy, Public Works Director said it is always by foot but it depends on the project size. If it is less overall footage it is going to cost more per foot for mobilization.

Councilmember Sara Countryman asked Mr. Muckleroy if there is a company he recommends over another.

Mr. Muckleroy said there are several good companies.

Mr. Palmer said they will wait on this and once this gets resolved bring it back.

Mr. Palmer said all they are asking for is to camera the infrastructure underneath the road and when accepted to consider part of approval process.

2. Discussion regarding Finance Tech position

Mr. Palmer said when they were putting the budget together one of the things they discussed a few times was a finance tech position to add to the organizational chart. They did not have a lot of data behind that at that time and told you they would be coming back possibly mid-year if they felt they needed a position. He said they do need the position with everything being overbuilt and happening. You have seen the increase in escrow and finance stuff but not just a separation of duties of internal control but also Maryann needs help. With Nici retiring May 31st she has been helping with the AP stuff so they are going to be without anyone. We really need this position. He asked Maryann to present data to everyone and explain further.

Maryann Carl, Finance Director said one of the things she did was to look at other cities and figure out what their size is, she knows what she hears out there and how many people they have in their departments. She said typically when she does something like that she takes a look at cities by population. Her next step is how else can she break this down for what they are looking at. In this case, she wants to see where they are at year-to-date sales figures because it gives them an idea of what that community looks like as far as from a finance perspective. The green line on there is them (the City). As far as population goes the City's sales tax figures are higher than anyone else below them, which is fantastic. They are super healthy in that area. The next thing she looked at was what is the operating budget, what do they have for utilities, and what does their debt service look like to try and get a pool of cities she can compare to. The only thing lesser than them which really is not comparable is Splendora. She is not even sure if Splendora has a full-time city hall. They are not a part of her government finance group so she did not get any response from them in trying to gain information nor did she get a response from her phone calls to try and figure out how many people they handle and have handling finance. She said again, she does not know that necessarily they are comparable for what they are talking about.

She said strictly looking at sales tax, next would be Magnolia, Hedwig Village, Waller, Oak Ridge North, and Shenandoah. Ms. Carl said the minimum size is Montgomery at one, but minimum is two all the way up to five positions that have some level of work in finance so whether it is from A/P, or payroll all is overseen by a director in finance.

Ms. Carl said everyone is aware of some of the challenges she has encountered since coming here with the way the conversion occurred from Quick Books to Incode and is still working to try and resolve some of those things. She said there are a lot of extra things that are still taking place and still more of those things that need to take place but this just gives you an idea of some of the duties of what she does that are not the same duties as what the finance tech person would be doing. The oversight on utility billing, the posting of the daily receipt transactions, and all of that stuff that comes from the utility window all comes through her office. She reviews the deposits, makes sure that everything is in line, makes sure everything is posting correctly which are working out good. There are the monthly reconciliations she has been doing with the monthly reports as there are a lot of things that go into that. She said not just into the bank rec side but they also do general ledger reconciliation whether that be with their payroll deductions that come from employees. There is a lot of background type work that happens.

Ms. Carl said on the accounts payable side they do have a great setup right now where the departments admin put in their a/p which is fantastic. It still takes a lot of work on their side with reviewing those to ensure they are coded correctly and making sure they are coming out of the correct bank accounts for payments. They need to make sure they are using the correct vendor as they have a lot of duplication in their vendor setup which they are trying to eliminate. It also brings them to the processing of the 1099's at year-end of doing vendor verification every time they have a new vendor setup.

Ms. Carl said on the payroll side department heads and their admins are responsible for making sure all the time is in and approved, it comes over to their side and they do interface within payroll and ensure they have everything correct with deductions and hours. Also included is the follow-up that goes with that like the bi-weekly payroll processing, quarterly reporting, and processing of W-2s at year end.

Ms. Carl said they do not collect the property taxes here but they get daily reports from the tax office. They have to enter those reports into their system and reconcile those monthly. There is a variety of two-way communication with the tax office routinely with updates and requesting information from us which is another huge function in the finance world.

Ms. Carl said court is on a different Incode system. All of their cash transactions have to be manually entered in the finance office so they can get those recorded correctly into the budgeting system so that you see that information on those reports. They do the quarterly report filing for them as well so Ms. Duckett, Court Administrator gives them all of that information and they enter that information into the Comptroller's office and ensure that what they are seeing on their side of the finance system corresponds with the things that are one the court side. While Ms. Duckett does a reconciliation of the court itself, they are doing a reconciliation on the finance piece of that.

Ms. Carl said in regard to investments and banking as you know as the Investment Officer it is her job to make sure that the funds are going in the right place and getting the City a relatively good return.

Ms. Carl said the budget is a constant and there are two seasons. There is budget and audit and they blur together. She said she is constantly working on that and constantly working to clean out when things do get into the wrong general ledger account and has actually been doing a lot of that this month so they are ready starting next month to start getting ready for our budget preparation.

Ms. Carl said you have just seen them come through audit. There are two parts that are a part of audit. The interim audit, which technically should take place in June and July and the year-end audit which is what they just completed. She said they need to get on that cycle so they are not doing everything all at one time because it is really labor intensive for everybody involved. They are working with the auditors to get them into that twice a year type schedule and that is one of the things that they will be doing.

Ms. Carl said there are a lot of things they rely on the auditors for that we really should be doing but we just do not have the manpower to do some of those things like general informational pieces that we should be passing onto them instead of them having to do discovery and then request it from them.

Ms. Carl said in regard to continuous training she is one test away from having her certified government finance officer certification through the Government Finance Organization. As a part of that, there will be 75 CEU's that are needed over a 36 month period and bi-annually she has to do the Public Funds Investment Act training.

She said they have a lot to do in goals in the finance department. Pull cash conversion they just completed in February but there are a bunch of other things including some of the things that still need to be converted in the Tyler system as well as working with the court on the streamlining of importing those payments. They also need to update the financial policies. She said there are a whole bunch of things that are important to have done and to have in place that will make your finance area more efficient and improving its transparency for all.

Right now some of the additional duties that Nici performs has to do with the initial processing of payroll, the vendor setup, the employee payroll setup, invoice entry for the admin side, and check processing which she prints and gets everything signed. Between her and Diana they work on the filing for the vendor files.

As far as the number of transactions they perform they are pretty consistent over when she looks back and sees what they have been doing over the past three years. They are pretty consistent in the number of

transactions they are handling each month. She thinks the biggest thing is that making sure has not always been the case that things are put properly in the correct line items and they still see that they miss them but they are working towards that.

Councilmember Casey Olson said his only problem is what they wanted to do because they talked about this during the budget season and everybody was like let us look at it again halfway through, they are there. The only issue he has is the wage. He would like to see \$22 an hour to \$25 an hour and that is it.

Councilmember Casey Olson said he has read this and he understands. If you are in the private you are absolutely right but in government that is high because in private they have to pay their own insurance and match their own 401k's. They do not have to do that here so he would like to see it lower.

Ms. Carl said according to the TML salary survey the low end for a finance tech position is \$23.39.

Councilmember Casey Olson said he would like to see them in the \$45,000 to \$46,000 to start range. He said he is all about wanting to promote and giving people raises and that is something they want to do and that is a big issue to make sure they can do that. He said if you do some compound interest and bring them on at \$52,000 in 10 years they are making \$70,000 a year.

Ms. Carl said you are also relying on someone to have some pretty specific knowledge when you are talking about using the Incode system and also having an idea of some of the payroll functions. A lot of times that is difficult to get someone that has that kind of knowledge and skill set at that level.

Councilmember Sara Countryman asked should HR being doing payroll.

Ms. Carl replied not generally. They do the HR functions but not the general piece of that.

Councilmember Sara Countryman said when Ms. Carl came on they did an upgrade for \$78,000 for Incode and it was supposed to be doing a lot of automation and it was set up wrong and now Ms. Carl has it going well as she has heard from several meetings. Her understanding is a lot of this was automatically happening because of what Incode is able to provide you with this supersonic new upgrade they did.

Ms. Carl said absolutely but they still have to have human beings behind it.

Councilmember Sara Countryman said and you always will have to have it but you are not going to be neck deep, just ankle deep because the software is doing it for you.

Ms. Carl said you still have to do all of the input.

Councilmember Sara Countryman said that is what all the department heads are doing, all of the input for what they spend and all of their PO's and invoices and they give it to you and you scan it to make sure it is done.

Ms. Carl said right now she does not have the capability to scan it. They do not even have that feature within Incode to be able to scan it and get it into the system so that is the next piece they need to implement.

Councilmember Casey Olson said he is not against the position he just thinks they need to start it where they have room to grow with it and not start where they are handcuffed out the gate.

Mayor Sanford said he thinks the timing would be good in conjunction with interviewing whoever they are going to hire for City Secretary. Sometimes certain jobs do rub together and you might be able to negotiate the two spots that can really enhance both positions because of the skill sets you might come across in interviewing those two positions.

Mayor Sanford said he agrees with Councilmember Casey Olson that you need room to grow on the pay scale.

Mr. Palmer said they will bring this back to the regular meeting with that adjustment in salary and the job description.

Councilmember Carol Langley asked if there is no one here to help out other than Nici.

Mr. Palmer said we are going to have to find the capacity somewhere if we need to but right now no they do not have anyone who has the skill set to do this.

Councilmember Carol Langley asked when Ms. Carl was hired they knew she was not going to be able to do what is on the job description. She was hired to do these things and now is being asked to fund another position that she is not ready to fund so she is a no.

Mr. Palmer said they need help and that is the bottom line.

Ms. Carl said on the other side of it honestly a major piece of that is that internal control and having that internal separation.

Councilmember Carol Langley said she thinks Ms. Carl is doing a great job and is not worried about that. It is where is this person going to sit, where is this person working at. She said she thinks they have someone here to help. Is there someone other than Nici who can help her.

Mr. Palmer said there are four of them. There is Dave, Maryann, Nici, and himself and that is it. Diana is the Deputy City Secretary and she is doing minutes right now and other things. Right now they have no help. Everyone is aware of the growth they are under. They have to do the capacity now or otherwise they are going to be scrambling.

Councilmember Casey Olson said it did not get called out in the job description but one thing where they really lacked and had issues before Ms. Carl came was our process control. If you are issuing a PR you are asking for a purchase order and someone needs to do that. He said he gets it Councilmember Carol Langley how back in the day you would write a check and roll on but that is an extremely irresponsible way to handle money and that is how they developed the problems they had. He said if they continue to hold on to the way they were continually doing them, how they did it in the past, they understaffed and were not doing it correctly.

Councilmember Carol Langley said she did not bring up the past and do not do that to her.

Councilmember Casey Olson said he is just repeating as you are saying pull somebody out of the hat but there is not anyone there. They have to hire someone and the only way to have processes is to split the job duties up and there is no one to do it.

Councilmember Stan Donaldson said she is upset and he can understand because when they hired Ms. Carl they were actually hiring two people they did not know about because it has been that way from the get-go. He said he thinks she has a fair stance to make that we did not hire two people. We hired one person to take the job of a person that made less money that was doing everything and now we have to add another person to help her. We have essentially doubled our cost in accounting.

Mr. Palmer said you have to remember that stuff was not getting done.

Councilmember Casey Olson said the one person they paid less he was not worth the money given him and he was not doing the job.

Councilmember Stan Donald said he knows Ms. Carl needs help and he is between a rock and a hard place.

Councilmember Sara Countryman said again they are taking on another title in a city that cities our size and like us do not have. They are the only city that has an assistant city administrator and HGAC.

Councilmember Casey Olson said Magnolia is 400 people larger than Montgomery and sales tax is less than them. He said they are running more dollars through and making more transactions than a city larger than them and they have more staff.

Mayor Sanford said it is only going to get more complex as we go through the higher criteria for development deals. He said he thinks the position is needed and that would be his recommendation. Part of the reason he is saying that is because of the obvious growth of the City. Just look at the map and you will see. All these things that are simultaneously going on is going to be a nightmare moving forward. The good side is the tax money that comes with that especially the sales tax this time next year. He said on a regular basis when he would come in the office the prior person before Ms. Carl had a table and he would go in and meet someone who would come in and help him with 9,000 sticky notes all around his desk. If that was the case a year and a half ago and Ms. Carl has come in and literally reinvented the wheel in a better way to have checks and balances that they did not have before. Yes, there has been some streamlining and Incode is what it is, she needs another level of that and things will get better. It is just going to be a nightmare for Ms. Carl and she is not going to be able to do the things in his opinion that she needs to be free to do which is to get them going down the track with these funds that come in and out and make sure there are two sets of eyes on cash. He said he does not know if they even have two sets of eyes on cash besides just signatures.

Ms. Carl said Ms. Nici Browe is that person for her.

Mayor Sanford said in this transition you need a secretary; you look for skill sets and try to reshape with those two positions to cover more so you are not coming to them in six months and saying we need more now. Hiring good people, well qualified, you know the job descriptions are here which were not here a year ago at all. Again, he would recommend it but with Councilmember Casey Olson's standard on the pay.

Mr. Palmer said he will bring this back to the regular meeting and Council can formally consider the position.

3. Discussion on Adding a Water Operations Advisory Position to the Organizational Chart

Mr. Palmer said he has put in front of everyone an email exchange between himself, TML, and Mr. Villarreal where they discuss the position, whether it should be contract or volunteer. Mr. Palmer said he talked with Mr. Villarreal today and basically he said yes if you are going to do a volunteer they can do that, if you want to do a contractor which is what he and TML are recommending they would need to have liability insurance and that to him is largely because of the cyber security component that would be attached to this position and the data. He said whatever direction Council chooses is fine with him.

Councilmember Sara Countryman said she thinks Mr. Randy Burleigh has been doing it for eight years and they all have trust in him.

Councilmember Casey Olson said it is not that they do not trust Mr. Burleigh, it is how much things get hacked. He said to give an example, everyone including himself received emails from the Director of the Gulf of Mexico that had his picture on it and everything about it was exactly as what they would normally expect to receive from him, but it was fraud.

Councilmember Sara Countryman said Mr. Burleigh is just looking at data, he is not sending and receiving information. He is just looking at data to see if there are any issues.

Mr. Palmer asked what is it that you want him looking at. If it is something they can give him that is static they can give him an excel file that does not have the sensitive data on it and that would eliminate the need for any cyber issues.

Councilmember Sara Countryman said she knows he was able to get ahead of some things and he can see differences in usage. She does not know if that is static or live.

Mr. Palmer said he thinks with the new system they have eliminated that problem because you can go on and see it hourly.

Councilmember Sara Countryman asked Mr. Muckleroy if he would be looking at live data in their network.

Mr. Muckleroy said he is looking at billing reports, not live data. Mr. Burleigh gets the billing report and he is putting it in his spreadsheet and analyzing the trends. To use your house for an example, he is looking at your house by the month and sees you only use 5,000 gallons a month and this last month it dropped to 1,000 gallons so maybe there is a problem with the meter. That is what Mr. Burleigh is looking at. He said it is specific to addresses and account numbers but that is probably where the security risk comes from.

Councilmember Sara Countryman said maybe not list the names with the addresses and maybe he can go to you or billing and say 502 Smith Street looks like there has been a drop or a significant increase and you may want to reach out to them as customer service and say you may have a leak.

Mr. Muckleroy said they do the leaks off of Beacon with the more live data. Mr. Burleigh is not finding a leak a month to a month and a half later on the billing cycle. He is looking for meter inaccuracies. They still keep up with the leaks on it. Part of what you may not know is when Mr. Burleigh was doing this up to the point he stopped doing it, for about four to six months before that he was training Nicole out at their office to do what he was doing which was his goal all along to get someone on city staff to be doing it. He was teaching Nicole how to do it and they have still been doing what Mr. Burleigh was teaching Nicole how to do.

Councilmember Sara Countryman said she thinks he is still valuable and did more than that.

Mr. Muckleroy said he is not arguing that at all and is not saying that. It is not that it was dropped off and not getting done. Mr. Burleigh came in and sat with Nicole and then started letting her do it on her own and sending him what she found and he walked through a couple of months like that until he felt comfortable with her taking care of it.

Councilmember Sara Countryman asked Mr. Palmer if she read where he said it would be up for renewal every October.

Mr. Palmer said yes the last paragraph.

Councilmember Sara Countryman said then why then not start it and then as a volunteer as a static to use whatever he used to pull before and do the same thing. She says she does not think it was a security issue because it was static.

Mr. Muckleroy said he was getting an excel report. He said you would need to talk with Ms. Browe or Ms. Carl on the specifics of which columns he would get because he was getting confidential information before. He was getting addresses. He said he does not know that much about the billing cycle to know. You should be able to take all that out where it would just show a meter number which would work for them because they can look the information up.

Ms. Carl said the other thing to note is that in prior to being in Incode 10 the previous Incode system that was used had a different level of reporting. Reporting now when you do billing this is one of the things Ms. Kristen McCain does when she does billing. There is a part of that process that gives you the variance and so all you have to do is the variance. You can see the consumption month over month and if you have someone who all of a sudden jumped 1,000 percent more in water usage they drill into that and figure out why and this is something Ms. McCain automatically does.

Mr. Muckleroy said that was not being looked at before and that was part of the problem.

Ms. Carl said that is a part of that process. Sometimes it is something as simple as they were a new customer last month and this is their first full month of billing, but you look at all of those anomalies a reduction or an increase and so with all of those things this system gives you that whereas with the old system you did not have that same kind of feature.

Councilmember Sara Countryman said she feels that since they have not had Mr. Burleigh look it over and it is just her feeling that there have been a lot more mistakes and issues going on so going back to have him looking at the billing would be good. She said she got called from a resident about billing two weeks ago, they were a property manager and yet they received three different bills. The conversation was not a good conversation, but it does not matter that is another thing and Mr. Palmer can handle that.

Councilmember Stan Donaldson said it does matter because they have had people come in saying they have high water bills.

Councilmember Sara Countryman said yes, and then there was a water bill that was zero.

Councilmember Sara Countryman said she just feels like they have all asked for him and so they should do it now and then they have until the end of the year to do it again in October to see if there is any value or if there is anything different. She definitely thinks that all of them have agreed they would like him back.

Councilmember Casey Olson said one of the other things that he feels where they have a large gap is they know that Mr. Muckleroy's team is stretched thin so they hire outside and go with Hays Utility. He said he does not know if their preventative maintenance plan or program is set up where they can actually make sure it is happening. That comes with education and time. We do not want our guys there doing the work because we do not have enough guys but we need them to go by there once a month and know what they are looking at. He said what flagged him again was the last Hays Utility report where the worker was trying to dig a hairball out that was the size of a dog. That means the maintenance was not getting done and someone did not catch it. We did not know what we were looking at when we were in there looking around because those gauges should have told them there is a flow problem, there is a pressure problem and you do not have a hairball that size that you have to go and dig out. He said he is not asking the guys to do the maintenance but they need to make sure it is getting done.

Mr. Muckleroy said exactly what Councilmember Casey Olson is saying is the main reason for him asking for the other position this year. His intent was to enable Mr. Standifer to dedicate more time to watching over what the contractors are doing. He said they do not watch them as they do not have enough time in the day to watch over them. Now that they have gone with Hays and have uncovered some stuff that the previous contractor was not doing it just makes him want to watch even more. He said he feels much better about Hays than he did with H2O the last year, not the whole time as they use to do a great job for them. When a certain employee left a year and a half ago everything went downhill and they saw it going downhill. They were still being told yes this is being done but he cannot have someone over there eight hours a day watching over them.

Councilmember Casey Olson said if they develop preventative maintenance plans where once a month they check certain things and now they are efficient, you will not need to watch them 24 hours a day to make sure they are doing their job. You are just circling back behind them checking what they are checking. He said he does not see that development and does not think they have preventative plans in place.

Mayor Sanford asked do they concur there is a valuable resource there and many of these things they have been asking to be done have been done a time or two. The recommendations of the attorney is there is this option of being informal.

Mr. Palmer said he thinks at this point their recommendation is if they are going to be dealing with sensitive data then it should be a contractor that is covering the City liability wise. He thinks they can practice in a way where they are not giving sensitive data, still using Mr. Burleigh as a resource and keeping it a volunteer position as they can always change it if they need to. He said this to him is a very simple, very basic job description, something for them to go off of.

Mayor Sanford said he is okay with it and sounds like most of them are.

Councilmember Cheryl Fox said she is okay with it but it almost sounds to her like it is open to the public and not specifically to Mr. Burleigh.

Mr. Palmer said they cannot craft a job description for one person.

Councilmember Cheryl Fox asked if it is going to be posted for anyone.

Mr. Palmer said no.

Councilmember Sara Countryman said it is just giving him the structure and backbone.

Mr. Palmer said it does not say volunteer position and he does not think they are going to be required to have a public posting.

Councilmember Casey Olson said as far as Mr. Burleigh having access to private information he does not think he needs it. He would much rather see him working on our processes and helping them build maintenance plans he can hand over so Mr. Muckleroy and his team can critique it and then say they can do this, this is a plan they can follow for years, here are the records they have been checking, and they can go back in trend.

Mr. Palmer said any data he needs they should be able to sort out all the sensitive information.

Mr. Palmer said he thinks this covers exactly what Council is asking for in keeping it a volunteer position.

Councilmember Casey Olson asked if it is still yearly.

Mr. Palmer said he put that in there as that language is kind of permissive as it just says upon recommendation of the city administrator. His thought was if this turns into a problem he wants to be able to bring it back to Council. However, if come October and they are going along and doing fine he is not going to bring a recommendation.

Councilmember Casey Olson said Mr. Burleigh has to understand even though he is a volunteer he is volunteering and that means he is volunteering to also get along with people.

4. Discussion regarding alternate source for monthly sales tax tracking

Mr. Palmer said they receive a report every month from SRI and are charged a certain amount of money. Ms. Carl has found another company that gives them comparable and better data for cheaper.

Ms. Carl said the service they receive from SRI runs \$16,800 a year. She said there are other entities out there that do a similar type thing and HDL Companies is one of them. She worked with them previously but they approached the City before she was even here. When she came on board they told her they provided some information. She said she would look because she did not even know what SRI gave them at this point and had not even seen a report. Ms. Carl said she wanted to present this so Council could see the comparable report that HDL has available and their service is \$4,800 for the year, which is significant savings. She thinks you still receive all the components everyone is used to seeing in the SRI report plus there are some additional enhanced features they have.

Councilmember Sara Countryman said SRI does a great job and she likes their year over year, the top 25, and thinks they are easy to read.

Ms. Carl said for the HDL report, the sales tax snapshot gives you several of the things that are found in the SRI report. The first report on the top the sales tax net payments to actual budgeted is the same kind of data you will see on page five of the SRI report as well as the one next to it the sales tax net payment to actual. Right now ours is a blank because we are in a test setting. They have our data but we are not a true client so they do not have our budget uploaded and that information is also on page five. The next box on the left the top 10 taxpayers is comparable to information you see on page five of SRI. On the right hand side that sales tax net payment trend is information comparable to what you see on page nine of an SRI report. These are actuals where as on page nine you see the mean and median which is a little different and it is in a graph form.

Ms. Carl said the next items are not items you currently see with SRI reports. You do not see a sales tax net payment change year over year graphic.

Councilmember Sara Countryman asked what does that mean.

Ms. Carl responded basically what it is telling you is that when you see red that this year you are getting this much less than you had in the previous year same period.

Councilmember Sara Countryman said this looks like to her from February 22nd to December 23rd there were four months that they received less money than they had in the past.

Ms. Carl said yes the previous year.

Ms. Carl said the next two charts down below are your sales tax collections by industry segment. She said from her perspective in the finance and budgeting piece that is a really big deal for them to look at because by industry segment you can tell a lot of things. They know if they are getting Home Depot and they can expect to see a lot there where some of the other industry segments you would not necessarily see that kind of thing.

Ms. Carl said to the right of that is the industry segment collection trend year over year change. Based on that information you can see that if you looked at the retail trade say in December and you see in the little red square it is negative 13.3 which that meant in December of 2023 you had 13 percent less retail than you did in December of 2022.

Ms. Carl said on the next page the sales tax trend payment is similar information you find on page five and six in the SRI report.

The next segment the sales tax net payment they do not have a visual like that in SRI. The next one is the monthly sales tax net payment. The information is on page seven of the SRI report but this is just a different way of seeing a number. The red line is your 12 month moving average on the monthly sales tax net

payment. The blue columns represent your money and that is your rolling monthly average. The next one the red and green the red is the change in the net payments.

Ms. Carl said what she thinks is unique for HDL is a part of what you have with them is first of all these reports are literally in a client portal.

Councilmember Sara Countryman asked if they would have access to that.

Ms. Carl said city staff would have access.

Ms. Sara Countryman asked if they wanted something they would then need to go through city staff.

Ms. Carl responded yes.

Ms. Carl said when they see those anomalies and those big dips they can actually go into another part of the portal and search those parameters to find out exactly what led them to that.

Councilmember Sara Countryman asked if they have quarterly payers and monthly payers. She commented SRI has that and she likes being able to see it.

Ms. Carl said that is what you see on the monthly sales tax net payment. All the peaks you see are the quarterly files.

Ms. Carl said this page gives you the sales tax payment detail and she does not see anything comparable to this with SRI. Essentially what you are looking at is you have your current period which gives you comparison to January 2023, January 2024 and what the percentage difference is and then the same prior fiscal year to date and they are trying to get 11 percent more at this point.

Ms. Carl said these are interest – prior period, future period, and audit and are not a part of your regular collection. Audit is exactly that. If the Comptroller office is performing an audit and they say you owe more sales tax or you paid too much sales tax you will find that in here. For future period if someone is paying in advance which you see this sometimes with retailers who have one person who does this recording for them they will do an average and pay an advance payment because they are not going to be there next month to make that payment. The same is true on the prior period. If there was an adjustment in a prior period that will show up here. Those things are the outlier pieces but this current period what you are seeing here when you see this trend for us is just our organic growth.

Councilmember Sara Countryman said for instance there is a retailer she found out they are not getting any of their sales tax. She asked if they should have future period that should be astronomical once they find that.

Ms. Carl said that would depend on how big they are.

Councilmember Sara Countryman said they have never received any sales tax from them since they have been opened for three years. That will have to be reallocated over to the City and that should be a big bump. She asked if they would see that in the future period or the prior period.

Ms. Carl said the prior period.

Councilmember Sara Countryman asked if that would go to 2022 dates and 2023 dates.

Ms. Carl said it will not matter at that point. She said when a business that is turned over to the Comptroller which HDL also does that as they do research every month and identify and notify the Comptroller and it is a lengthy process. Once they are notified, you would get that payment and we would get a supplemental report from HDL that would show them who that taxpayer is and the amount they are giving on the

confidential side of it and they would see those net results in there but it would be mixed with other entities as well.

Ms. Carl said if money coming in is not the City's money we do not want it because it will come back to bite us. She said HDL has a whole research team that works on that and that identification is done through multiple platforms. It is done with their research teams, it is done by them actually pulling all the data from the Comptroller's office to be able to look at what businesses are in the area, who is registered as a taxpayer and they use other data bases and data sets to gain that information. If the City identifies someone but are not so sure we turn that over to HDL and they do all the research and the behind the scenes work on that.

Mr. Muckleroy said it happened with the HEB money.

Councilmember Stan Donaldson asked what is our agreement with SRI.

Ms. Carl said it is a 30-day.

Councilmember Sara Countryman asked Mr. Palmer if he has used HDL.

Mr. Palmer said he has not.

Councilmember Sara Countryman said she looked HDL up and they are not a Texas company.

Ms. Carl said HDL is based in California and started there in 1983 but they have an office here in Houston and all their people are local Houston folks.

Mayor Sanford said he sees more color, the same information, concisely done and they do the same services for less, why would they not do it.

Ms. Carl said one of the things she talked with Mr. McCorquodale about was the fact that when he has to pull the information for those sales tax rebates he has to work with SRI and get that information from them whereas with the City portal they have access to all that information.

Ms. Carl said the sales trend is not something they get with SRI but thinks is quite interesting. She said you can see a snapshot of your neighbors and how they are doing and you can see where things are trending. The comparison data is there for you to see.

Ms. Carl said one of the things she wanted to point out is she knows SRI mentioned the issue of Home Depot and seeing Home Depot money. She said she went back and drilled into it through the HDL information and they see the first time Home Depot is hitting their report is March of 2023. What happens with large companies is they do not reach your report until they have \$60,600 in taxable sales then they will be individually listed on the confidential reports. In looking at the trend on Home Depot it is evident that that Home Depot money is the result of construction happening in Montgomery. It is not necessarily someone buying items and taking it home, it could have been the construction of Dutch Brothers or Popeyes. It is literally large orders delivered here and being taxed here.

Ms. Carl said as far as these reports you do see some of that in the top 25. You have that on this report from HDL which is the top 30.

Ms. Carl said this is another option she wanted to present to Council.

Councilmember Sara Countryman said HDL has a bigger footprint than SRI and seems to be a very widely used platform and company with many more employees and SRI was hard to find. Not that it matters, but she is always worried about companies going out of business. She said she thinks SRI is pretty easy to read but she also thinks she has been used to reading them for six years.

Ms. Carl said she thinks SRI's main clientele are like MUD districts and we are an outlier to what they typically cater towards.

Councilmember Carol Langley asked if this company would come to their meetings.

Ms. Carl said they will not necessarily come to their meetings. They are very confident that their information is pretty self-explanatory. We have unlimited consultations with them so if there is something anyone thought was needed to be looked at more in depth they can certainly request that and she knows they would not be opposed to that.

Ms. Carl said the other pieces that they provide to them at the staff level will have to do with forecasting and budgeting pieces to help them with their budgeting for sales tax. There are actually a bunch of different tools they have available.

Councilmember Carol Langley asked if those are all in this price.

Ms. Carl responded yes.

Councilmember Cherly Fox asked if they would have a contract with them for a certain amount of time.

Ms. Carl said there is an agreement that she believes is a two year agreement.

Mayor Sanford said they are all on consensus on this side of the table as you are getting the same information at least for \$12,000 less so the question he has and what Councilmember Carol Langley was trying to get to is, is it a two year locked in price.

Ms. Carl said she does know the annual fee is \$4,800 and is billed in advance. They are a little different as far as what they are giving them is the data that is coming from the Comptroller's office. They are taking the City's data and putting it into the system which gives them this report. She said she does not know how you would be dissatisfied with what they are providing because the data they are giving you is from the Comptroller's office.

Councilmember Sara Countryman said the \$12,000 difference is having SRI at their meetings which sometimes they have questions but it is not all the time. She thinks it is something that when they look at the agenda they can certainly reach out to staff and say we have a question about that, could you work on the answer by Tuesday.

Ms. Carl said she can say they are absolutely willing to participate if they cannot be here in person. They would be able to participate via Zoom call if you had questions or wanted to know whatever additional information you think would be helpful for you. She said for instance in the workshop setting if you wanted them to present to you about certain types of industry that may be beneficial or have questions about how sales tax works in a certain industry or what you would expect to see or even forecasting.

Councilmember Sara Countryman said maybe they could come in once a year and give them an update.

Councilmember Sara Countryman asked if Home Depot is retail or construction and is HEB retail or food services.

Ms. Carl said it is retail. She said she can actually get a breakdown for them.

Ms. Carl said one of the things they do a little bit differently after Covid was how they group and categorize the different industries because there were some things that were really strange trends that were happening during Covid. They do have a list of that and they could look at it in more detail if you wanted to.

Mayor Sanford said as far as tomorrow night if Ms. Carl could get that information settled so they know they are entering a two-year contract with a \$12,000 less price.

Ms. Carl said she does not have this on tomorrow night's agenda.

Mr. Palmer said at that level he can approve it.

Councilmember Stan Donaldson asked what is the time table as they are coming to the end of the first quarter and does it make any difference if they cut them off now or wait until the end of the second quarter.

Mayor Sanford said it is 30 days.

Councilmember Casey Olson said they could save some money for the rest of the year.

Councilmember Stan Donaldson said they could technically stop it at the end of this month.

Mayor Sanford said sure.

ADJOURNED at 6:31 P.M.

Submitted by: Diana Titus
Diana Titus, Deputy City Secretary
Reviewed by:

Nici Browe
Nici Browe TRMC, City Secretary

Byron Sanford
Mayor, Byron Sanford

Date Approved: 4/23/24