

**NOTICE OF REGULAR MEETING**

**April 9, 2019**

**MONTGOMERY CITY COUNCIL**

**STATE OF TEXAS**

**AGENDA**

**COUNTY OF MONTGOMERY**

**CITY OF MONTGOMERY**

**NOTICE IS HEREBY GIVEN** that a Regular Meeting of the Montgomery City Council will be held on Tuesday, April 9, 2019 at 6:00 p.m. at the City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas for the purpose of considering the following:

**CALL TO ORDER**

**INVOCATION**

**PLEDGE OF ALLEGIANCE TO FLAGS**

**VISITOR/CITIZENS FORUM:**

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must be recognized by the Mayor. Council may not discuss or take any action on an item, but may place the issue on a future agenda. The number of speakers along with the time allowed per speaker may be limited.

**CONSENT AGENDA:**

1. Matters related to the approval of minutes of the Regular Meeting held on March 26, 2019.
2. Consideration and possible action regarding acceptance of the Certificate of Substantial Completion and Maintenance Bond for The Shoppes at Montgomery, Phase I, Public Water and Sanitary Sewer Extension.

**CONSIDERATION AND POSSIBLE ACTION:**

3. Consideration and possible action regarding the Annual Audit for the year ending September 30, 2018.
4. Consideration and possible action regarding a Variance request of six feet of canopy overhang into the building line setback and utility easement in The Shoppes at Montgomery subdivision by Stantec Consulting/Chick-Fil-A.
5. Consideration and possible action regarding Longview Greens Miniature Golf variance request to allow gravel to be used as a parking surface.
6. Consideration and possible action regarding request for a Special Use Permit for microblading business at 14375 Liberty Street by Candace Welsh.
7. Consideration and possible action regarding approval of an alcohol beverage permit application for a Wine and Beer Retailer's Permit for Wine & Design Montgomery to be located at 202 McCown Street, Montgomery, as submitted by Janderson Holdings, LLC.

8. Consideration and possible action regarding approval of an alcohol beverage permit application for a Wine and Beer Retailer's Permit for Chronic Tacos to be located at 20212 Eva Street, Montgomery, as submitted by Arquitt Tacos, Inc.
9. Consideration and possible action regarding an Encroachment and Maintenance Agreement regarding pavement and canopy encroachment into the City utility easement at the planned Chick-Fil-A site in The Shoppes of Montgomery subdivision, by Stantec Consulting/Chick-Fil-A.
10. Consideration and possible action regarding Tree Ordinance Variance request for The Shoppes at Montgomery.
11. Reports regarding several management issues recently discussed by City Council:
  - a. Status of Backflow Prevention Devices Installation;
  - b. Status of Grease Traps within the City; and
  - c. Status of Live Streaming of City Council Meetings.

**EXECUTIVE SESSION:**

The City Council reserves the right to discuss any of the items listed specifically under this heading or for any items listed above in executive closed session as permitted by law including if they meet the qualifications in Sections 551.071(consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas.

12. Adjourn into Closed Executive Session as authorized by the Texas Open Meetings Act, Chapter 551 of the Government Code, in accordance with the authority contained in the following:
  - a) Section 551.072 (deliberation regarding real property) to consider real property matters involving certain properties in the City and consultation with attorney on confidential legal matters under Section 551.071 of the Texas Government Code.
  - b) Section 551.074 (personnel matters) regarding the City Administrator position.
13. Reconvene into Open Session.

**POSSIBLE ACTION FROM EXECUTIVE SESSION:**

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

**COUNCIL INQUIRY:**

Pursuant to Texas Government Code Sect. 551.042 the Mayor and Council Members may inquire about a subject not specifically listed on this Agenda. Responses are limited to recitation of existing policy or a statement of specific factual information given in response to the inquiry. Any deliberation or decision shall be limited to a proposal to place on the agenda of a future meeting.

ADJOURNMENT



  
Susan Hensley, City Secretary

I certify that the attached notice of meeting was posted on the bulletin board at City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas, on the 5<sup>th</sup> day of April, 2019 at 4:45 o'clock p.m. I further certify that the following news media was notified of this meeting as stated above: The Courier

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*This facility is wheelchair accessible and accessible parking spaces are available. Please contact the City Secretary's office at 936-597-6434 for further information or for special accommodations.*

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## MINUTES OF REGULAR MEETING

March 26, 2019

### MONTGOMERY CITY COUNCIL

#### CALL TO ORDER

Mayor Pro-Tem T.J. Wilkerson declared a quorum was present, and called the meeting to order at 6:00 p.m.

Present:	Jon Bickford	City Council Place # 1
	John Champagne, Jr.	City Council Place # 2
	T.J. Wilkerson	City Council Place # 3
	Rebecca Huss	City Council Place # 4
	Tom Cronin	City Council Place # 5

Absent:	Sara Countryman	Mayor
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Also Present:	Jack Yates	City Administrator
	Larry Foerster	City Attorney
	Susan Hensley	City Secretary
	Chris Roznovsky	City Engineer

#### INVOCATION

John Champagne gave the Invocation.

#### PLEDGE OF ALLEGIANCE TO FLAGS

#### VISITOR/CITIZENS FORUM:

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There were no comments made.

**CONSENT AGENDA:**

1. Matters related to the approval of minutes of the Regular Meeting held on March 12, 2019.

John Champagne moved to approve the minutes as presented. Tom Cronin seconded the motion, the motion carried unanimously. (5-0)

**CONSIDERATION AND POSSIBLE ACTION:**

2. Consideration and possible action on Department Reports.

- A. Administrator's Report – Mr. Yates presented his report to City Council, advising his activities for the month. Mr. Yates stated that he had met with TxDOT twice regarding the 149 right-hand turn lane. Mr. Yates said he also did some work on Atkins Creek with FEMA.

Mr. Yates said they worked with Commissioner Mike Meador regarding paving of the streets. Mr. Yates stated that Commissioner Meador advised he would pave Caroline Street from Liberty (FM 149) east to Prairie Street, Mason Street from Maiden Street to Prairie, and Wade Street from Old Plantersville Road to where Wade Street joins Worsham Street for the grand total of \$11,044.29, which was a lot less than was predicted by him last month.

Mr. Yates said he has worked on coordinating the Police Chief and City Administrator application process. Mr. Yates said he had a meeting regarding a prospective film project in the City, and coordinated with the building inspector on demolition by neglected property. Mr. Yates advised that the following reports would be presented at the April 9, 2019 City Council Meeting:

- Report Grease Trap Issue
- Report Backflow Prevention Device Placement; and
- Video Streaming of City Council Meetings.

Mr. Yates advised he continues to work on the Staff Engineer question with the TORC Committee.

John Champagne asked about the right-hand turn lane off FM 149 to SH 105, what was the result of those meetings. Mr. Yates said they contacted TxDOT in early January and again two weeks ago, and so far they have had virtually no response. Rebecca Huss asked if they should escalate that and ask the State Representative or Senator to get involved. Mr. Yates

said today he sent a copy of the information to Will Metcalf and Senator Nichols. Mr. Yates said he got a call from Senator Nichols' office today and he will call them back to see what can be done.

John Champagne asked about the Exxon Station right-hand turn status. Mr. Yates said they are working on where they can place his dumpster. Mr. Yates said they met with TxDOT on March 7, 2019, but the designer did not come to the meeting so they really did not get anywhere at that meeting. Mr. Yates said placement of the dumpster is what they need to get worked out.

- B. Public Works Report – Mr. Mike Muckleroy, Director of Public Works presented his report to City Council. Mr. Muckleroy reported on the work that had been done during the month. Mr. Muckleroy advised they replaced the water main serving Terra Vista after thorough flushing and testing was completed, and the temporary 2-inch service line was removed and stored. Mr. Muckleroy said they worked with City staff and Gulf to perform a grease trap evaluation led by Mr. McCorquodale. Mr. Muckleroy said they made several repairs to manholes using Jones and Carter's recommendations, after reviewing the findings from the Magna Flow project that was completed last year.

Mr. Muckleroy said they met with the TORC Committee to go over the cost of the sewer and I&I. Mr. Muckleroy advised they removed spoil piles from the ditches on MLK and Baja Street that the contractor left, to prevent drainage.

Mr. Muckleroy said they made several repairs to the Memory Park irrigation system and are ready to run a 100% check on it now. Mr. Muckleroy stated the docents at Fernland reported 635 visitors and they performed 38 tours for the month.

Mr. Muckleroy said they worked with Municode for the new web site, building the Public Works section. Mr. Muckleroy advised he and Francisco Salas attended the TPWA Workshop in New Braunsfels; and Eric Standifer, Ryan Thomas and Jack Brown attended a Pipeline Response class in Conroe that was hosted by Texas 811 and they completed their Job Shadowing Project for 2019.

Rebecca Huss asked about the bullet point that stated they started cleaning the storm drains in Terra Vista after discovering several sinkholes around the storm inlet boxes, and they

found several holes in the ADS culverts. Rebecca Huss asked Mr. Muckleroy to discuss the responsibility of the repairs and who pays for them. Rebecca Huss asked how that got approved in the first place, because these holes don't just appear in brand new culverts and Jones and Carter should have noticed that during the inspection phase.

Mr. Muckleroy said he could not speak for Jones and Carter, and said they found it based on sink holes that were forming around the storm drain and the boxes. Mr. Muckleroy said they went in and found there were several spots that have holes, and said they still do not know exactly how many there are, but there is a good handful of them. Mr. Muckleroy said they did check with Mr. Roznovsky on this matter, and they said they can't be out there 24-hours a day inspecting every piece of pipe that goes into the ground. Mr. Muckleroy said the price for inspections for the developer would be through the roof, so they are going to work toward fixing, and said it will not cost tens of thousands of dollars to fix it. Mr. Muckleroy said he thought everything in there could be fixed from the inside. Rebecca Huss asked if the contractors are installing substandard or even broken parts, why is the City and the taxpayers paying to fix it. Mr. Muckleroy said he could assure them that there would be no going back on the contractor. John Champagne asked how long it has been done. Mr. Muckleroy said it has been accepted for well over a year, and they have not heard from him since. Mr. Muckleroy said they will do whatever they have to do to get it fixed, and noted that it was not going into the sanitary sewer so the City is not paying I&I on it, it is flowing into the creek that is already washed out. Rebecca Huss said it is still the principal, and asked if there was a list of bad contractors they can add this contractor's name to, so if they ever try to come back in the City we can recoup costs. Mr. Muckleroy said he knew there was an unofficial list. Mr. Muckleroy said between Mr. Yates and Mr. Roznovsky and himself, they have discussed the need of increasing inspections in areas and figuring out how they can do that and still keep the cost affordable for the developer. Rebecca Huss said the City has tried to keep the cost down for the developer in some ways where it belongs, but it still creates a problem where the cost is on the City to fix something that happens in that gap.

John Champagne asked about the second development that Mr. LeFevre did behind the City Park. Mr. Muckleroy said that is Lake Creek Village. John Champagne stated that Lake Creek Village and all that is behind it, all the drainage is plugged up and it has been well over a year and Mr. LeFevre has indicated that they are waiting for better weather to fix it. John Champagne said to Rebecca Huss' point it is well over a year that this has been

this way, and it is not Mr. Muckleroy's responsibility, and he has spoken to Mr. Roznovsky, it is Mr. LeFevre's responsibility. John Champagne asked about the irrigation system and if that was the source of the leak in the parking lot of Memory Park. Mr. Muckleroy said that is definitely not on the irrigation line, and if there is a leak under the parking lot, it is going to be on the Montgomery County library's line.

- C. Police Department Report – Lt. Joe Belmares presented his report to City Council. Lt. Belmares said the fatal accident that occurred in February was filed last week with the District Attorney's Office for review. Lt. Belmares said they had Coffee with Cops on February 4, 2019 at Bean Punk and they had a great turnout. Lt. Belmares reported that Sgt. Bracht and Sgt. Hernandez completed their first line supervisor course at the Bill Blackwood School (LEMIT) at Sam Houston State. Lt. Belmares said one of the officers was involved in a major fleet and was on light duty for a couple of days, and is now back on duty and patrol.

Jon Bickford asked whether the vehicle was totaled. Ms. Hensley advised the vehicle has been totaled and TML will be paying \$14,185 for the vehicle alone; they are checking all of the electronic equipment which is covered along with the decals. Ms. Hensley advised that everything is included with the vehicle as a police package when the vehicle is listed with TML. Jon Bickford stated the electronics cost almost as much as the vehicle.

- D. Court Department Report – In the absence of the Court Administrator, Kimberly Duckett, Mr. Yates presented the report to City Council. Mr. Yates said the receipts are down for the Court, stating there is \$33,590 in revenue for the month, which he needs to discuss with the Municipal Court Administrator to see if they are really keeping up with the failure to pays and warrants as well as they could or should be. Mr. Yates said the cases are also down, not necessarily down from last year, but from two years ago.

John Champagne asked if Mr. Yates' concern is if they are falling behind is a result of inefficiencies. Mr. Yates said it was regarding working on warrants. John Champagne asked if they did not have a full-time warrant officer. Mr. Yates said it was a part-time warrant officer, which is why he would think the collection of warrants would be going up. Rebecca Huss said compared to November and December, it is about \$10,000 higher. Jon Bickford said you have to look year-to-year. Mr. Yates said he does not have a case in mind, he just thinks that as a general subject, the warrants should be up considerably and



the collections should be up. John Champagne asked if the part-time officer is an employee or reserve officer. Mr. Yates said he is a part-time employee. John Champagne asked if he answers to Lt. Belmares. Mr. Yates said no, he answers to Mrs. Duckett.

John Champagne asked how many officers Lt. Belmares has at this time. Lt. Belmares said right now they are at seven officers, with command staff. Lt. Belmares said they are short two officers, but not for long. John Champagne asked if the warrant officer was not an option. Lt. Belmares said no, he was not an option.

- E. Utility/Development Report – Mr. Yates presented the report to City Council. Mr. Yates advised the collections for the month were \$132,788. Mr. Yates said there are now 738 active water accounts, which is 16 more than last month. Mr. Yates advised they collected \$18,424 for 66 permits. Mr. Yates said they collected \$730 for the Community Building.

Mr. Yates said the past due bills are very low for both 60 and 90 days. Mr. Yates said he would be working with the accountant regarding writing off the accounts they discussed last month. Jon Bickford asked if they think the change in the process to send the bills out a little earlier is working. Mr. Yates said they have only sent out the notice and they have not started that process yet.

Mr. Yates reported that water consumption was 29,000 at Memory Park this past month and 13,000 at City Hall.

- F. Water Report – Mr. Michael Williams, with Gulf Utility Service, Inc., presented his report to City Council. Mr. Williams advised there were three district alerts, two were due to weather issues on January 23, 2019 when they had a high wet well. Mr. Williams said on February 8, 2019 and February 13, 2019 they had a blower failure due to power in balance due to weather issues. Mr. Williams said on February 23, 2019 they found a chlorine leak they were able to repair.

Mr. Williams reported the Wastewater Plant flow detail, with the flow for the month of January through February being 4,766,000 gallons, with the daily peak flow occurring on January 23, 2019 at 366,000 gallons.

Mr. Williams said that all samples were in compliance regarding the Effluent Monitoring Report, with 3.25 inches of rain.

Mr. Williams reported the language report was shown on page six of his report. Rebecca Huss said she did not see how it was possible to have three inches of rain, when the digital rain gauge barely has an inch and a half. Mr. Williams said they are having issues with the rain gauge and it was not recording. Rebecca Huss said that was the issue with the January number too. Mr. Williams said that was correct. Mr. Williams said when they have issues with the digital rain gauge they fall back on the manual rain gauge that they continue to monitor, as well. Mr. Williams said anywhere on the chart where you do not see the blue line is where they were having issues with the rain gauge.

Mr. Williams reported on the Water Report, stating they pumped a total of 6.631 million gallons, flushing was 0.963 thousand gallons, sold 5.390 million gallons, which brings them to a 95% accountability for the month. Mr. Williams said this month for the water sold versus treated, they have an 88% return to the Wastewater Treatment Plant from water sold.

Rebecca Huss asked why the unbilled water is so high at 1.2 million gallons. Mr. Williams said the unbilled water is an accumulation of flushing, leaks, and rainwater that was not accounted for. Rebecca Huss said she knew that, she was asking for more of a specific reason of those, and whether there was an actual event. Mr. Williams said yes, there was an actual event on Martin Luther King Jr. Drive where the contractor broke the line, which was the majority of it. Rebecca Huss said she understood.

- G. Engineer's Report – Mr. Roznovsky presented his report to City Council. Mr. Roznovsky said they are continuing to work with FEMA to receive the response date for the allocation of funding, which they were supposed to have from FEMA last Thursday. Mr. Roznovsky said it has been pushed back another two weeks, after it had already been pushed back two weeks. Mr. Roznovsky said according to FEMA, they should have a response as to whether we are environmentally cleared on April 6, 2019.

Mr. Roznovsky said they have received a response from the State yesterday regarding the GLO projects requesting some additional information, which they provided to them. Mr.

Roznovsky said they advised that should be the last thing they will need for the \$2.3 million dollar funding that includes the three different projects.

Mr. Roznovsky said regarding plat reviews, they did return approval for The Shoppes of Montgomery, Phase 2, so this part that is in the report is the sewer line extension that is private and does not include the driveways or anything else.

Mr. Roznovsky advised regarding the ongoing construction for The Shoppes of Montgomery, Phase I, the only thing remaining is getting the proper maintenance bond from them, because the one submitted was only 10%, so by the next meeting they should have a 30% bond.

Mr. Roznovsky said on the one-year warranty Lake Creek Village, Section 3 is still working on the remaining punch list items that will be addressed pending favorable weather.

Mr. Roznovsky said regarding the Dobbin-Plantersville Water Supply Corporation, they met last week to discuss the interconnect and cost sharing, and once they hear a response on where they stand, they will report back to City Council and put together an estimated cost.

Mr. Roznovsky said they had met with the TORC Committee last week and they will have a presentation tonight. Mr. Roznovsky said one of the things they discussed was the I&I, and just as a reminder, they have attached two maps that show the manhole and sanitary sewer line inspections that have been done and are planned to be done.

Mr. Roznovsky advised he had handed out a letter that included a missing page from the agenda item included in the pack.

- H. Financial Report - Mr. Yates presented the report to City Council stating the General Fund has \$1,453,000, Construction Fund has \$2,952,000, MEDC has \$835,509, and the Utility Fund has \$797,000, for a total of \$6,184,000 in the bank. Mr. Yates said on page 9 of the report, in the General Fund, they are behind in sales tax by about \$80,000, even though we are ahead of last year. Mr. Yates said they have two more quarters, and each month it has been about \$20,000 to \$30,000 more than last year. Mr. Yates said we have also been

watching the expenses very well and have \$9,000 surplus of revenues over expenditures in the General Fund. Mr. Yates said MEDC has \$70,224 surplus revenues over expenditures for the year. Mr. Yates said the water is down, but that is because they started in October and they are about to get into the heavier water usage months. Mr. Yates said sewer is doing quite well at \$55,000 revenues over expenditures for the year, and they have not taken anything out for the utility projects transfer.

Mr. Yates said they are also considerably up on the tap fees, with a budget of \$250,000 and for impact fees, they are expecting \$75,000, so it looks like they will be considerably over in tap fees rather than impact fees. Mr. Yates said he had calculated a projected ending balance for \$153,000 in the Utility Fund, leaving a total of the estimate of \$156,572, so it looks like they will be all right for the end of the year. Rebecca Huss said the point of the impact fees is really to provide for future large scale investments that are driven by the expansion of the customer base. Rebecca Huss said whether it is impact fees or tap fees, shouldn't they be moving the money over, even if it is not legally required, it should be spent for the same kind of expenditures. Mr. Yates said yes, whether it is tap fees or impact fees, they should make the transfers over from the utility fund to the capital projects fund, which is \$273,000. Rebecca Huss said she did not necessarily see it as a driver of profitability of the utility fund, she sees it as more of a down payment on some of our big ticket expenditures. John Champagne asked if that was being done. Mr. Yates said it has not been done, but it would be. Rebecca Huss asked if it would be the total amount of the tap fees. Mr. Yates said yes.

Rebecca Huss asked about the expenditures, stating about a month ago, John Champagne had inquired about the cost of the recent legal difficulties and Mr. Yates produced a chart showing the legal fees that were significantly in excess of what she could actually find on the general account sheet. Rebecca Huss said she was wondering where those are booked. Mr. Yates said it has been \$8,000 - \$10,000 since last September. Rebecca Huss said they were missing about 75% of the total fees. Mr. Yates said there were about \$14,000 legal fees. Rebecca Huss asked Mr. Yates to look into that information because she remembered it differently.

❖ Sales Tax Report by Ryan Fortner

Mr. Fortner was not able to make the meeting.

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

3. Discussion regarding possible development of 1062 Clepper Street by Greg Doster.

Mr. Jonathan Canizalez, Greg Doster and Darr Nieuwoudt, Southern Star Design Build. Mr. Canizalez advised they have been in the area for a long time and they all went to Montgomery High School so they hold this project dear to them as more than just a development. Mr. Canizalez said they are presenting their vision of townhomes on Clepper Street. Mr. Canizalez said they were open to the exterior and they want to keep it similar to the look and feel of Montgomery, something country and colonial that will belong here.

Mr. Canizalez said they have a few floor plans that they have finalized and they have architects and engineers. Mr. Canizalez said they do not have a full development plan because they have not done the surveys and everything else. Mr. Canizalez said Mr. Doster would be doing most of the construction, and he is doing townhomes all across Houston, and gas stations and commercial buildings throughout Montgomery County.

Mr. Canizalez said the floor plan for the townhomes would be an open floor plan with a roof top deck so they could see the town, because they are one block away from the library, Burger Fresh or Jim's Hardware Store, so they can provide something a little different than just houses. Mr. Canizalez said this is a basic idea for 12 townhomes with a shared community garden, and they don't know what they can actually fit on the property until they have the engineers look at the project and make their determination.

John Champagne asked about the property. Mr. Canizalez advised they have one acre in the front minus about 80 feet where it starts to fall off, so their plan right now is to build up or depending on what the engineer tells them they are allowed to do, and said the retention pond might be the best way to go. John Champagne said that would be up to engineering. John Champagne said he was wondering about parking and whether that would be an issue. Mr. Canizalez said they have already come up with a layout, and they have 177 feet of width to work with, so if they go back 240 feet, it will be about an acre of land and they will have 55 to 60 feet of driveway in between with a garden, which will allow for a loop around or maybe another entrance or exit in the back.

Jon Bickford asked how high they were talking about building the townhomes. Mr. Canizalez advised three stories with the deck on the roof. Jon Bickford asked if the parking would be

underneath the unit. Mr. Canizalez said yes, the first floor would be parking, two floors living space, and then the deck on the roof. Jon Bickford asked how tall the building would be. Mr. Canizalez said it would be 38 – 42 feet, including the deck on the roof, depending on how they finish the roof either with a pergola or patio type structure to give each one a personal touch.

Jon Bickford said it would have to go through Planning and Zoning with a building that tall. Mr. Yates said it would be a rezoning because of the multi-family units. Jon Bickford asked how tall Jim's Hardware is at the roof top. Mr. Yates said 45 feet is the maximum for commercial. Jon Bickford asked how tall the brick buildings are on SH 105. Mr. Canizalez said they were open to design and they want to blend with Montgomery.

John Champagne asked to confirm that this was not the formal presentation. Mr. Canizalez said that was correct. John Champagne said informally they would desire that this property would be changed to multi-family. Mr. Doster asked if the property would still be classified as single family residential since they are going to be individually sold homes. John Champagne said that is true, so they are not looking for a variance. Mr. Yates said they can't put more than one unit per lot. John Champagne said there would be a variance. Rebecca Huss said it would be a rezone. Mr. Roznovsky said what it sounds like to him is they are subdivided with 12 individual lots, with one unit per lot, but they are not going to be the minimum 9,000 square foot lots. Mr. Roznovsky said they would need a variance at least for width and lot size, and then likely the road is going to be something less because of what they are proposing, or it is going to be a private street depending on whether it is gated in the front. Mr. Doster said the property will be gated. John Champagne said initially he believed the request by the owner was for the property to be commercial. Mr. Yates said that was correct.

Jon Bickford asked about the cost of the units. Mr. Canizalez said they are looking at approximately \$1 million dollars for just the land development. Jon Bickford said he was asking about the cost per unit. Mr. Canizalez said they were looking at approximately \$260,000 to \$285,000, with the units being between 1,030 to 1,035 square feet per unit. John Champagne asked if they were going to cater to a certain demographic. Mr. Canizalez said not necessarily. John Champagne said he thought the project was interesting.

Tom Cronin asked if the units would have stairs or elevators. Mr. Canizalez said there would be stairs, and said if someone does not want to walk upstairs they have an option for an elevator. Tom Cronin asked Mr. Foerster if an elevator would be an ADA requirement. Mr. Foerster said he did

not think the ADA requirement would be for a private residence. Tom Cronin said the development sounds nice.

4. Report from the Technical Operations Review Committee.

Mr. Randy Burleigh thanked City Council for the time to come and make this presentation. Mr. Burleigh introduced the two other members of the TORC Committee, John Kadlubar and Scott Massenzio. Mr. Burleigh said the TORC Committee met with Jones and Carter and City staff last week and it took them about three hours to go through the presentation; they are going to try and go through this in about 10-15 minutes. Mr. Burleigh stated that if City Council wanted to go into more detail, they could schedule a Workshop Meeting and they could sit down and discuss the information. (A copy of the report in its entirety is attached to the minutes.) John Champagne thanked the TORC Committee for their work and doing what they do.

Mr. Massenzio made the first part of the presentation and discussed the work flow process which the TORC Committee did with Mr. Yates and Jones and Carter. Mr. Massenzio said they wanted to set milestones and be as effective as they could in terms of looking at the basis for projects, optimizations and cost reduction. Mr. Massenzio said that success of projects is heavily based on the basis for the project and then along the way they will review the projects. Rebecca Huss said she would assume that if there is a divergence between the initial design basis and the reality of what the project has turned into, there is the opportunity to put on the brakes and redirect before it becomes incredibly expensive to change their mind. Mr. Massenzio said exactly, it gives them the opportunity to make changes, if necessary, before the project goes too far.

John Champagne said over the past year when they have gotten to this stage, how much input has TORC had and how much influence has it resulted in modification of the project. Rebecca Huss asked if it has even gotten to the 50% stage. Mr. Massenzio said they have not yet actually had a major project to review at this point. Mr. Massenzio said the one thing that they have looked at is Lift Station 1. Mr. Massenzio said they have not gotten to review a major project. John Champagne asked what defined a major project, because the City has projects going on all the time. Rebecca Huss said she thought they were already ready to design and go out regarding Lift Station 1 because it is an important project. Mr. Massenzio said Mr. Burleigh reviewed the project. Mr. Burleigh said he did a preliminary review of the project in August. Rebecca Huss said she felt that this is a great process and they would like to stick to it if they can, because that input from a third party is very valuable. Mr. Massenzio said working with Mr. Yates and Jones and Carter they could make

this work. Mr. Massenzio said they can make recommendations in a timely fashion and not create a lot of extra work; their intent is not to create a lot of work, but to try and provide a good basis to start with so as the project progresses there is not a lot of new work and money spent on engineering. Rebecca Huss said they will optimize the cost and benefit for the taxpayer. Mr. Massenzio said they are now in the last year of the 2015 Capital Improvement Plan (CIP); there have been a lot of changes and this needs to be updated with a five to ten year projection, which might include a Wastewater Treatment Plant in that time frame. Mr. Massenzio said that update would help City Council to know what is coming and help TORC to know where the resources need to be.

John Champagne asked if TORC's ability to gather data was consistent throughout all the parties, and whether Jones and Carter's data was relative to the data that they are gathering and coincides. Mr. Massenzio said they get to a pretty good agreement after they work through things. John Champagne said if they are going to make a five to ten year projection on a sewer plant, the data evaluation is very important.

Rebecca Huss asked about the CIP Update and whether that was something that could be done by massaging the starting point, which they know a lot more than they knew three years ago, or does it require another investment by the City and reevaluation of everything starting from today. Mr. Burleigh said if they look at the CIP, a lot of it for 2015 has not been done, so they can take that and cut and paste to current, and then there is new stuff that is not in the existing plan that can be added. Mr. Yates said his answer to that question is they take the previous plan, minus the Texas Water Development Board projects, because most of the projects should be done by the end of 2019, then they can tackle the next group of projects.

Mr. Roznovsky said getting those projections to where they are close and agreeable, in 2015 where they thought they would be, versus where they were, is pretty drastically different, so it is moving those things back. Mr. Roznovsky said the most expensive piece is the sewer side, now that they know what they know, the water portion is relatively simple and the outside items are simple; it is going through the analysis of what makes the most sense now that they are at this point. Rebecca Huss said there is a lot in play, but not necessarily an investment to find out what they don't know, they just have to feel their way along and eventually make a decision to go for the big projects. Mr. Roznovsky said in 2015 on the water side, they built the model and now it is just changing the connections and making additions of line(s) that they did not know existed and putting those small changes in the plan. Mr. Massenzio said as they move forward with the water and sewer project, a lot of updating will have to be done to the data. Mr. Massenzio said when they make the updates,



they will not be using the 2015 analysis; they will be using the information they will be presenting soon.

Mr. Massenzio said in order to know where and when they need a new wastewater treatment plant, they need to study the flow through the lift stations and collect the data. John Champagne asked if that information was in place for them to obtain that data. Mr. Massenzio said he felt the data can be collected, but it has not been collected. John Champagne asked why the data has not been collected. Rebecca Huss said one of the things that they had talked about was putting automatic readers or senders so that they would not have to rely on people and they could actually get hourly or up to the minute data on what is happening, and could also potentially reduce call out expenses because you could remotely monitor the information. Tom Cronin said that would be ideal. John Champagne said his question is whether the data has been requested and has it been put in place. Mr. Burleigh said it was requested by Jones and Carter in 2015, and it is included in the City's Master Plan. Mr. Burleigh said he requested that information again two or three years ago. John Champagne asked if in these meetings the action items that are brought up are to be followed up on. Mr. Burleigh said yes. Rebecca Huss said they basically have to pay for someone to acquire the data on a daily basis. Jon Bickford asked Mr. Williams if he has the lift station data. Mr. Williams said yes, they provide lift station data, but as Mr. Burleigh said, they check it three times a week, typically on Monday, Wednesday and Friday. Jon Bickford asked how long Mr. Williams has been doing that. Mr. Williams said they began in the middle of 2015. Jon Bickford said they have a pretty good average number, and asked if the TORC Committee was concerned about that data. Mr. Massenzio said it was spot data and will not be very valuable; what they need is more continuous data. Mr. Yates said the TORC Committee wants to discuss the economics of how to get a daily number, and they can use that precise data.

Rebecca Huss said she did not know if they could do a complete cost benefit because there is no automatic benefit, it is more about making the right decision. Rebecca Huss said if they wanted to do something, they would just have to do it and they would have to say whether it was worth the cost. Jon Bickford said the tricky part about this is you need the data, but after you get it once, how many more times do you need it after that. Mr. Roznovsky said they would need it continuously because once you get the data, things break over time, so if they see one lift station that has more spikes than the others, it would not just be a one-time use; it would be continual use as changes in the system happen. Mr. Massenzio said this will also help with I&I, because if they see a lift station is spiking, they will know where the infiltration is coming from.

Mr. Massenzio said they did look at Lift Station #1, the pumps, and the alarm system. Mr. Massenzio said Jones and Carter gave them the detailed design which they are looking at now and they are focusing on the number and capacity of the pumps. Mr. Massenzio said they have received two other items to look at, which include the downtown water replacement project and Lift Station #3 force main reroute, which are both piping projects, so they are not very involved.

Mr. Burleigh discussed the cost of I&I and the cost of water and sewer for the budget year 2017-2018. Mr. Burleigh said they went back and got a lot of information from the archives of Gulf Utilities web site, and he had a lot of data from the last three years on the water sold. Mr. Burleigh said when they pulled the data together, there was not much change in the last four years as far as pumped and sold water, even though they had a lot of growth. Mr. Burleigh said the rates being raised have helped a lot. Mr. Massenzio said the unbilled water is much larger than the I&I, and if you look at the difference between the sold and pumped water that is going to be larger than the I&I.

Jon Bickford said the difference in what they sold in 2017 versus 2016, is almost equal, but what is interesting is the big gap in what went back to the wastewater treatment plant between those two years, because it almost doubled. Mr. Burleigh reviewed the charts saying that he felt the different billing cycles during 2015-2017 were shifting all over the place, then they finally locked it in during 2018. Mr. Burleigh said in 2017 they had a large gap that was caused by the cooling tower issue after Hurricane Harvey, where it went to the cooling tower and straight to the sewer plant.

Jon Bickford noted that it was interesting that they are losing the difference between billable versus sold is much greater the back half of the year than the front half of the year. Mr. Burleigh said during 2015-2016, the billing cycles were off some from the production numbers. Jon Bickford said in all but the last year, you can see an absolute difference. Mr. Burleigh said they actually got on cycle between the years 2016-2017. Mr. Burleigh said the bills have always stated the billing cycle dates, but what they were billed for may have been staggered from those dates. Jon Bickford said he found it interesting that the figures go up early in the year and come down later in the year, with the peak being in the summer; if you look at the gap on the chart it is very slim compared to the gaps on the down side of the year. Jon Bickford said he did not know if it was because they get more rain, but rain should not have anything to do with this; it is interesting. Mr. Massenzio said it seems like the biggest gap is where they are irrigating a lot, and it seems like they are missing something with the irrigation. Jon Bickford said it would be something to look at. Rebecca Huss said maybe somebody is irrigating for free. Rebecca Huss said she wanted to point out that Mr.

Burleigh has mentioned over and over again that this is the cash register of the City and we should be paying attention, so if the drawer is open, we need to focus.

Mr. Burleigh stated that when they look at the material balance of the flows going in and out of the plant they do not have all the knowns, they have the flow (water sold), they know irrigation and hydrant meters, the flow to the Fire Department, the flow to the cooling tower, which are metered, but there is some unknown there. Mr. Burleigh said what is coming out of the City is the flow to the sewer plant, and that is actual flow and is kind of suspect. Mr. Burleigh said then they have the calculated flow figures, which tells them the difference between the actual flow and the calculated flow.

Mr. Burleigh then discussed the I&I, which is the inflow and infiltration of rainwater into the City's sewer system, and reviewed the chart for the entire year and discussed how he calculated the amount of rain that ended up in the sewer plant. Mr. Burleigh said you calculate the flow before the rain event and the flow after the rain event to get the mean data flow. Mr. Burleigh said he calculated the entire billing cycle for 2018, which is how they got the I&I for the year. Jon Bickford stated that all the peaks in the chart show the I&I.

Jon Bickford asked Mr. Burleigh how he calculated contributions to the non-potable water from residents that do not have a separate irrigation meter. Mr. Burleigh said they look at the winter months usage compared to the other part of the year and calculate the usage, which is about 33 million gallons for the entire year for non-potable water, with 12 million calculated and the remaining two thirds is metered. John Champagne asked to confirm that in 2018 there were eight million gallons of I&I calculated. Mr. Burleigh said yes, based on the existing flow meter. Rebecca Huss said what Mr. Burleigh is saying is that he is calculating that the actual flow is 20 million gallons more than what the flow meter is showing. Mr. Burleigh said if they are looking at a 100% return, they are looking at roughly 90%. Mr. Burleigh said if you use the numbers they have shown, you can see they are doing pretty good in 2018, staying between 73% and 83% all the way down the year; they calibrated the meter on November 30, 2018, which was half way in the billing cycle, so the next read after that billing cycle, which was December 15, 2018, the number jumped up to 86%. Mr. Burleigh said with the new calibration they have a new baseline. Mr. Burleigh said the key is to get the baseline and monitor the readings month to month.

John Champagne asked for the cost of I&I. Rebecca Huss said there is actually a cost for I&I. Mr. Massenzio said for him, the only thing that makes sense is the I&I coming in, the water is sold, and

the non-potable water and what is going through the treatment plant is the whole picture. Rebecca Huss said the problem is they are given certain numbers and they are trying to make decisions based on what they are given; they know intuitively that there is something happening and you try to extrapolate from the numbers that you are given and what is going on behind that and they don't have the actual number. Rebecca Huss said what they are saying is all of these things add up to what we are being given, but what they are actually interested in is the additive to identify what the problem is and to do something about it.

John Champagne said they are trying to figure out what the cost is for the I&I because it is a cost. Mr. Massenzio said they have that figure. John Champagne said if they were in business to make a profit, which in his mind they are, they need to find out why they have a hole here and if the cost is such that we should put more resources to solving it, then they need to solve it quickly. Jon Bickford said the work here is phenomenal and is exactly what they needed, and asked if they could get closer to the financial piece of the presentation.

Mr. Burleigh said the conclusion to the whole presentation is really that they believe the wastewater treatment plant flow of 47,632,000 gallons for 2018 was low. Mr. Burleigh said they feel that it is actually pretty close now, but they have to wait and see what happens after the recalibration in March to see what they come up with. Mr. Burleigh said they are recommending doing the water balance every month. Mr. Burleigh said the estimated average flow is around 170 with I&I for the year. Mr. Burleigh said maybe at a later date, a daily log might be easier to collect the data. Jon Bickford asked Mr. Burleigh to tell them what to get.

Mr. Burleigh said people like Kroger use a lot of irrigation, and in fact they were using irrigation in December, and there are shops right near the sewer plant so they would not have to go far with the purple pipe for non-potable water. Rebecca Huss said it would be nice if they were not using the drinking water.

Mr. Burleigh advised for water the City used, based on a four year average for 2015-2018, 102,517,000 gallons and the cost was estimated at \$7.90/1,000 gallons, which includes a 5-year CIP and depreciation costs. Mr. Burleigh said they are recommending developing an operating strategy for the Jasper and Catahoula Wells.

Mr. Burleigh then reviewed sewer costs, stating the actual wastewater treatment plant flow was 47,632,000 for 2018, which they believe was low, and the actual flow they calculated to be

64,000,000 and calculated the cost of sewer to be estimated at \$11.16/1,000 gallons, which also includes a 5-year CIP and depreciation costs.

Mr. Burleigh advised that I&I estimated for 2018 was about 8,000,000 gallons. Mr. Burleigh said based on the estimates, the cost of I&I is \$5.63/1,000 gallons or about \$45,000 per year. Rebecca Huss said on the two previous pages Mr. Burleigh said the cost was \$11.16. Mr. Burleigh said they went through all the budgets for 2017 and 2018 and checked what percentage of the budget would be call outs for electricity and they put a percentage on every line through that budget, and the percentage of that line on the budget that they used to get this number. Mr. Massenzio said there are some fixed costs for running the plant. Mr. Burleigh said those costs are electricity, and the most common is call outs when they have a storm.

John Champagne said it costs \$50,000 to treat sewage from I&I, and asked what is the cost to find the problems, which is what they need to figure out.

Rebecca Huss said if they have the I&I at 10% -15% of your total and you back out something that is less than your average cost of \$11.16, that means you have to increase the cost of sewage to \$12 or \$13 to make up for the fact that you have taken off all these other percentages to make your problem not look as expensive. Rebecca Huss said that means that you would have to charge your residents more to account for the fact that you are saying the I&I does not cost that much. Rebecca Huss asked why didn't they just say the I&I costs the exact same amount as it costs someone to flush their toilet and call it \$90,000 a year instead of a complicated number. Mr. Burleigh said they are actually charging for 71 million gallons in sewer; they don't charge the full amount for sewer, and said we don't charge our customers \$11 on average. Mr. Burleigh said people that have irrigation meters pay sewer on the entire cost for their water. Jon Bickford said the irrigation meters are not even using the sewer. Jon Bickford said they could take all the irrigation customers off of the sewer and make everyone start paying for that, which is his suggestion. Rebecca Huss said that what he is saying is the I&I is being subsidized by people who don't have irrigation meters. Mr. Burleigh said if they only charge for a certain amount of dollars less than what it is costing the City, our water and sewer fund should be bankrupt, but it is actually in better shape today than it was three years ago. Rebecca Huss said it is in fabulous shape and they have been working hard on it.

Mr. Burleigh said the next item they are reviewing is the water usage projection rates. Rebecca Huss said this was important because it is how much capital they are going to be spending over the next few years. Mr. Burleigh said Jones and Carter is using Beacon data and TORC is using InCode

data, which is what the City bills from. Mr. Burleigh said he sees an issue as to whether they are charging for the water they are showing in Beacon, or whether it is a number issue with the compound meters and the way they are calculating them. Rebecca Huss said they are not using actual meters, they are using the TCEQ requirement for the minimum amount that you reserve for a single family connection. Mr. Burleigh said this was just usage, and on top of the usage, once you do the projections, then you go back and look at all the other factors. Mr. Roznovsky said the number is based on actual usage and where they see the data trending. Rebecca Huss asked how the numbers could be different if the Beacon is what is driving what is in InCode. Mr. Burleigh said he did not know because he does not have access to Beacon; he would love to have access to that information because that is one of the problems. Mr. Burleigh said they would like to look at the Beacon information and they need to find out what the difference is between the two systems. Mr. Burleigh said he did not want to under bill. Rebecca Huss said if they are overbilling that is not right. Mr. Burleigh said there was no chance that they will overbill; they are billing the lower number.

Mr. Burleigh then discussed water usage projection rates. Mr. Burleigh said the biggest difference between TORC and Jones and Carter is commercial, but they have so many Mom and Pop shops that barely use water, then they have larger customers that use more water, like Kroger. Rebecca Huss said Kroger is not that big of a user compared to what they said they were going to use. Mr. Burleigh said Kroger uses about 4,000 gallons per day, which is 120,000 gallons per month. Jon Bickford asked if that was summer and winter. Mr. Burleigh said yes. Rebecca Huss said Kroger had advised they would use 75,000 gallons per day when they came to the City, which makes a big difference for planning. Mr. Burleigh said McCoy's uses less water than most of the residents use. Mr. Burleigh said you have to look at each commercial customer individually. Mr. Burleigh said they have a lot of history on all commercial and residential customers. Jon Bickford said regarding impact fees, they need some kind of assessment when a project is proposed to review the impact of their water, based on the size of their parking lot, etc., because someone with a lot of landscaping could use a lot of water. Rebecca Huss said a hotel would be the worst for water usage, and their parking lot will be smaller than Kroger.

John Champagne asked what the State's requirement is regarding a new wastewater treatment facility. Mr. Roznovsky advised at 75% to initiate engineering and financial planning, and 90% to initiate plans. Mr. Burleigh said in all the TCEQ regulations, they do not use irrigation for the figures, so they have to designate the difference between the two uses.

Rebecca Huss asked how long it takes between the design and the first flush on a new sewage treatment plant. Mr. Roznovsky said two to three years. Rebecca Huss said the question is how quickly is the City is growing and what comes on line, so that is the scary thing because if they get to 75% and all of a sudden they are at 95% before it gets built, that gets expensive. Mr. Roznovsky said the number that Mr. Burleigh has in 2023 is what is platted today and what Feasibility Studies have been done and what is moving forward. Rebecca Huss said a hotel is a big item.

Mr. Burleigh said the TORC Committee feels the City needs to move forward with planning and looking at where your sewer plant should be located by early next year, and said that should be documented and ready to go just in case. Rebecca Huss said it should also address how big it should be. Mr. Burleigh said that is correct.

John Champagne said he never hears from the TORC Committee, and said they are doing a lot of work, but it is never coming to City Council. John Champagne said his first comment is to say how grateful he is that they are even doing this, and stated this is excellent work. John Champagne asked if there is anything City Council can do to add additional resources or additional latitude that would make your job easier and funnel information to City Council that would be beneficial for them to make decisions, whether it is in concert with Jones and Carter, or in conflict with Jones and Carter. John Champagne said the City has an asset and a tremendous opportunity for a group to provide us with information that we need, so we need to figure out how they can get information from them on a more regular basis, what they need from us, and how we can make the job easier, which is his goal. Rebecca Huss said access to the Beacon data is something that is important, clearly. John Champagne said he was asking the TORC Committee to determine what they think would be best, and if it is Beacon, which they have already stated. John Champagne said they need to hear from the TORC Committee. Mr. Burleigh said he tries to stay out of the bureaucratic scene where you have to have a quorum and all this other stuff. Mr. Foerster said since the TORC Committee has been requested by the administration and not City Council. John Champagne said everything he asked Mr. Burleigh to do he is being asked through Mr. Yates. Rebecca Huss said it also sounds like they need to fast track the lift station information, and whether that comes to City Council as a request or a report. Mr. Burleigh said if they need more detail, they would be willing to provide the information. City Council thanked the TORC Committee for all their work.

5. Consideration and possible action regarding canceling the contract for the Baja Community Development Grant Project with Boretex, LLC.

Mr. Roznovsky presented the information to City Council stating that the contractor on the Baja Street/MLK Project has had a lot of issues. Mr. Roznovsky said last weekend City Council received the emails about the water outage and the waterline incident that occurred Friday night, which happened again on Tuesday when the contractor went and tried to fix the line without turning the line out of service and did not coordinate with the City or with Jones and Carter. Mr. Roznovsky said the line broke again on Tuesday, so it has been continual issues and they have had safety concerns with the contractor. Mr. Roznovsky said there is a letter included that was missing page 2, so that has been included, and there was a correction about the school that had service interrupted.

Mr. Roznovsky said they are at the point where they feel they need to give a final notice of Intent to Terminate to the contractor, giving him 10 days to address every single item to ours and the City's satisfaction from the list, which includes providing a new superintendent, full staff, two full crews to work, etc.

John Champagne asked if this has gone to legal yet. Mr. Roznovsky said it has been sent to Mr. Foerster who is reviewing the information. Mr. Foerster said he has reviewed the information and he has also reviewed paragraph 9 of the contract, and this is for cause, we have to give them 10 days' notice along with the surety, and the letter details all of the causes for which they are terminating the contract. John Champagne said that he had stated this last time; this is a reoccurring problem with contractors, and he wants to do this as gently as he can. John Champagne asked if the process for choosing this contractor was similar to every other contractor that was chosen. Mr. Roznovsky said with regard to grant projects, yes. Mr. Roznovsky said City funded projects have a whole lot more latitude. John Champagne asked to confirm that since there was grant funding involved, they had to choose an incompetent contractor. Mr. Roznovsky said they asked the question when this contract came up and there is not enough reason in the State's eyes to not go with the contractor. John Champagne asked for the criteria that they use. Mr. Roznovsky stated the contractor submitted a statement of qualifications that he was registered with Sam.gov and was clear to work. John Champagne asked how cost plays in the selection of the contractor. Mr. Roznovsky said it is the low bid. John Champagne asked if they were bound to choose the low bid because they are getting free money. Mr. Roznovsky said that was correct.

Rebecca Huss said in terms of performance of the bond, they had talked several weeks ago about whether the bond would cover getting the job done or we only get our money back to start over. Mr. Roznovsky said since the intent is to turn in for cost, the contractor has 10 days to correct and



after those 10 days, which they do not expect him to be able to make, the bonding company has 10 days to come in and take over the project. Mr. Roznovsky said the bonding company either hires a crew themselves, or they bring in a superintendent to finish the contract as it is, at the price that it is.

John Champagne then said Mr. Yates had indicated in an email that our citizens were out of water over the weekend, and asked if it was for the entire weekend. Mr. Roznovsky said it was from 8:00 p.m. Friday night until they fixed the leak, but they turned off the valve at 5:00 a.m. Saturday morning, so from 8:00 p.m. to 5:00 a.m. the water was completely off. Mr. Roznovsky said the contractor made the repair and the last thing that he was told to do was go and confirm that everything that he had closed was open, and instead of confirming that it was open, he closed the valve and turned the water back off until 9:00 a.m. the next morning when people started calling in and saying that they did not have water.

Rebecca Huss said the bonding company can perform for the price, or what. Mr. Roznovsky said if they do not have a contractor, the bonding company can pay the difference in the cost. Rebecca Huss said they could get the work done by anyone for any price. Mr. Roznovsky said the reason they want to terminate by cause versus by convenience, is by convenience you have to rebid the project and you are at the will of the next contractor that comes in. Mr. Roznovsky said with this one there is definitely a cause. Rebecca Huss asked if they get back money for work the City has done to make the place safe again as well. Mr. Roznovsky said yes, as part of the contract, the contractor is liable for any costs incurred by the City for repairing and work, the inspection, etc. Mr. Roznovsky said Mr. Muckleroy is putting together all of his costs for things he has listed as cleaning out the ditch and cleaning up the road; they also had to go in last Wednesday and redo the repairs, so all of that is being included as part of the damages. Jon Bickford said he would say the faster they get this contract terminated, the better off they will be and the faster they can get someone else. Mr. Roznovsky said with the City's blessing, they will send the letter to the contractor.

Jon Bickford moved to instruct the City Administrator, with the direction from the City Attorney, to cancel the contract with Boretex, LLC in the proper manner, with the intent to have City funds expended on this project returned to the City, and to as promptly as possible reorganize and complete the project. John Champagne seconded the motion, the motion carried unanimously. (5-0)

6. Consideration and possible action regarding a limitation on the number of new apartment units to be zoned, a ratio of one unit to four existing single-family homes, so as not to overburden the City of Montgomery's infrastructure and services.

Tom Cronin advised that he had requested this item be placed on the agenda for discussion because he knows there is concern about additional apartments. Tom Cronin said he wanted to discuss where they wanted to go with this because he wants to make sure that they do have the housing available, but yet he feels that single family homes are more important for the City. Tom Cronin said he wanted to see what the response would be to the subject.

John Champagne asked if they were talking about 25% of the total residential. Tom Cronin said if you have 100 homes to 25 apartment units. John Champagne said the research that Jon Bickford did indicates that is a pretty good number. Jon Bickford said he did some more research a month ago, and some more last week, and that turns out to be kind of a standard number based on the data that he has from the latest report. Jon Bickford said he would say that was a reasonable ratio for a City, especially a City of our size. Rebecca Huss said she did not think it would be legal for places that are already zoned R2, and Philip LeFevre has a PDD that covers a quarter of the City and he can do whatever he wants, so it is kind of pointless. John Champagne said it was not pointless. Rebecca Huss said unless they plan to lose a lawsuit, or acknowledge that we are pretty much impudent in passing something like that. Jon Bickford said City Council cannot continue to allow people who are not zoned for apartments to continue granting those options to do so. Rebecca Huss said of course they can, but there was a vote four weeks ago in which it was a 3-2 vote to continue on, so then either they continue to rezone or they continue not to, but having an ordinance that does not actually effect any change on that does not really seem to effect the dominant portion of the City.

John Champagne asked if we are sure that the agreement that exists with certain developers is binding. Mr. Foerster said he did not draft or review the information at the time it was drafted because it was before his time. Mr. Foerster said he has looked at the agreement and he thinks it would be binding. Mr. Foerster said there is a chapter in the Texas Local Government Code, Chapter 245 that talks about the fact that once something is platted, and while they don't have platting here, but there is an obligation of the City to not change the rules after someone has started commencing construction. John Champagne said they have not started construction. Mr. Foerster said the City's agreement with Philip LeFevre is that whatever the ordinances were back whenever that was passed, he is not obligated to new or more restrictive ordinances. Mr. Foerster said with

that being said, 1) he did not think it was a bad idea to have an ordinance, even if it only is going to affect a smaller percentage of the property; and 2) what the City has is standard and that you can go back to a developer like LeFevre and say “here is our issue, would you buy into what we are trying to do?” John Champagne said he was all for it. Jon Bickford said he was all for it.

Jon Bickford moved to ask the City Attorney to draft an ordinance to be presented to City Council regarding apartments, and to establish a ratio of apartments to homes. John Champagne seconded the motion.

Discussion: Mr. Foerster asked if they were requesting a draft of an ordinance that City Council can review, with respect to the 25%, 1 to 4 ration for apartments to homes. Jon Bickford said he would like the definition of an apartment to be any dwelling that has more than two households. Jon Bickford said in some of the research that he did, people would call apartments any dwelling that has more than four households. Jon Bickford said a duplex should be considered an apartment. Rebecca Huss said she felt that it was a mistake because if you have a City Council that is willing to rezone something, then you have a City Council that is willing to provide a variance to the ordinance, so either way it does not provide an answer. Jon Bickford said he thought when it comes time for people to make assessments of performance, it is a good chance for them to say “they overlook this, and they overlook this, and now look what we have.” John Champagne said if that is the case, possibly the project that they saw earlier today might fall into that. Jon Bickford said those are townhomes. Tom Cronin said they are single family. John Champagne said so are duplexes. Jon Bickford said duplexes are dual residences, each unit holds one family. Rebecca Huss said it would depend on how it is platted, if it is platted as 12-separate little plots of land, then with a common greenspace or whatever, then yes, but otherwise no. John Champagne said he would just state that his duplex he has platted part that he owns, and it has a common wall. Jon Bickford said John Champagne bought his home, therefore it is not an apartment. John Champagne said that is his point; if it is owned, how could it be an apartment. Jon Bickford said if it is owned it is not an apartment. Rebecca Huss asked if they were distinguishing between people who own and people who rent. Jon Bickford said to determine the difference between an apartment and a condominium. John Champagne said in context with the rest of the ordinance, which would be multi-family, etc., not a standalone that anyone renting would be an apartment, because homes are also rented.

Rebecca Huss said she would like to say that she would prefer to table this action until such time as the City has excess money to lose in lawsuits.

The motion carried with the following vote:

Aye – John Champagne

Nay – Rebecca Huss

Aye – Jon Bickford

Nay – T.J. Wilkerson

Aye – Tom Cronin

(3-2)

Rebecca Huss asked for further clarity, stating this does not actually pass the ordinance, it is just getting the ordinance prepared. Jon Bickford said that was correct.

**EXECUTIVE SESSION:**

The City Council reserves the right to discuss any of the items listed specifically under this heading or for any items listed above in executive closed session as permitted by law including if they meet the qualifications in Sections 551.071(consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas.

7. Adjourn into Closed Executive Session as authorized by the Texas Open Meetings Act, Chapter 551 of the Government Code, in accordance with the authority contained in the following:
  - a) Section 551.072 (deliberation regarding real property) regarding the Laughter property at northeast corner of Caroline Street and Liberty Street;
  - b) Section 551.074 (personnel matters) regarding the City Administrator position; and
  - c) Section 551.074 (personnel matters) regarding supervision of the Marketing and Tourism Director.

Mayor Pro-Tem Wilkerson moved to adjourn the meeting into Closed Executive Session at 8:15 p.m.

8. Reconvene into Open Session.

Mayor Pro-Tem Wilkerson reconvened into Open Session at 9:10 p.m.

**POSSIBLE ACTION FROM EXECUTIVE SESSION:**

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

No action was taken.

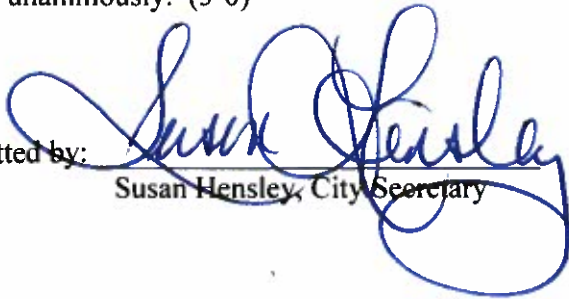
**COUNCIL INQUIRY:**

Pursuant to Texas Government Code Sect. 551.042 the Mayor and Council Members may inquire about a subject not specifically listed on this Agenda. Responses are limited to recitation of existing policy or a statement of specific factual information given in response to the inquiry. Any deliberation or decision shall be limited to a proposal to place on the agenda of a future meeting.

**ADJOURNMENT**

Jon Bickford moved to adjourn the meeting at 9:10 p.m. Tom Cronin seconded the motion, the motion carried unanimously. (5-0)

Submitted by:



Susan Hensley, City Secretary

Date Approved: \_\_\_\_\_

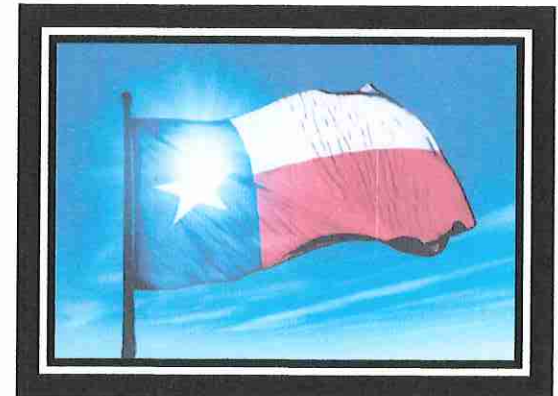
\_\_\_\_\_  
Mayor Sara Countryman

# Technical & Operations Review Committee (TORC)

**Review with Montgomery City Council  
March 26, 2019  
Montgomery City Hall**

TORC Members:

Randy Burleigh  
John Kadlubar  
Scott Massenzio



# Agenda

- **TORC work Flow Process**
- **TWBD Projects Reviewed (LS#1)**
- **Water & Sewer Costs for Budget Yr 2017-2018 (WWTP Flow)**
- **Cost for I & I to WWTP**
- **Water Usage Projection Rates**
- **WWTP Flow Projection Rates**

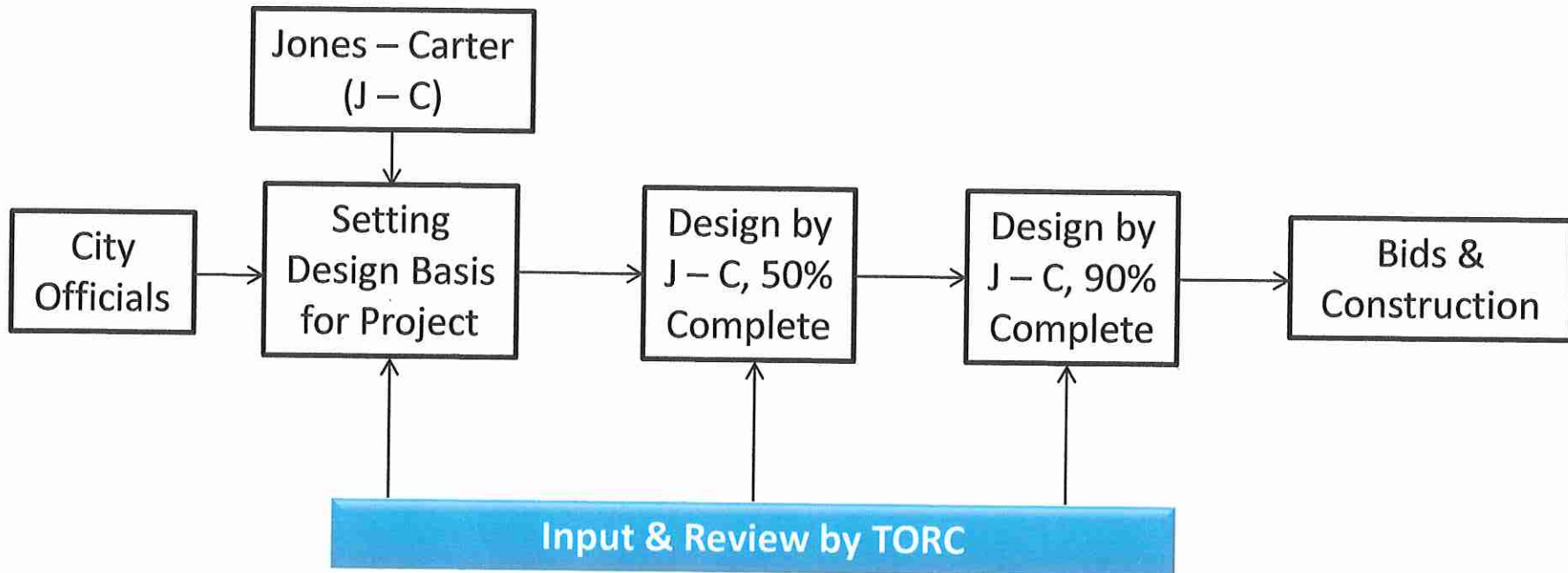
# TORC Work Flow Process



## City of Montgomery, Texas



### Proposed Work Flow Process & Milestones for the Technical & Operations Review Committee (TORC)



#### Objectives:

Provide timely input & review to City projects to minimize engineering & administrative recycle, provide a sound project basis, and to look for opportunities to reduce cost and improve project efficiency.

TORC reports to Jack Yates.

Members are Randy Burleigh, John Kadlubar, Scott Massenzio.

# **TWBD Project Reviewed (LS#1)**

# CITY OF MONTGOMERY

## 2015 RATE ANALYSIS

### CAPITAL PROJECTS

Water - Five (5) Year Capital Projects Plan											
#	Project	# Years Projected					Net Present Value	Interest (Bond) Rate (%)	Payoff Term (yr)	Amortization Factor	Annual Expense
		0	1	2	3	4					
		2015	2016	2017	2018	2019					
1	Buffalo Springs Water Line-Bridge Crossing <sup>(1)</sup>	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000	1.50%	5	0.209089	\$ 16,000
2	Elevated Storage Tank <sup>(2)</sup>	-	-	1,000,000	-	-	970,662	5.00%	30	0.065051	63,000 <sup>(9)</sup>
3	Lone Star Parkway Waterline Loop <sup>(3)</sup>	-	-	1,300,000	-	-	1,261,860	5.00%	30	0.065051	82,000 <sup>(9)</sup>
4	Rate Analysis	2,500	-	-	-	-	2,500	1.50%	5	0.209089	1,000
5	SH 105 Waterline Improvements <sup>(4)</sup>	-	250,000	-	-	-	246,305	1.50%	5	0.209089	51,000
6	Water Plant No. 2 Improvements <sup>(5)</sup>	45,000	-	-	-	-	45,000	1.50%	5	0.209089	9,000
7	Water Plant No. 3 Improvements <sup>(6)</sup>	-	-	500,000	500,000	-	963,489	5.00%	30	0.065051	63,000 <sup>(9)</sup>
8	Water Well No. 3 Rework <sup>(7)</sup>	-	250,000	-	-	-	246,305	1.50%	5	0.209089	51,000
<b>WATER TOTALS</b>		<b>\$ 122,500</b>	<b>\$ 500,000</b>	<b>\$ 2,800,000</b>	<b>\$ 500,000</b>	<b>\$ -</b>	<b>\$ 3,811,122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 128,000<sup>(9)</sup></b>

Sewer - Five (5) Year Capital Projects Plan											
#	Project	# Years Projected					Net Present Value	Interest (Bond) Rate (%)	Payoff Term (yr)	Amortization Factor	Annual Expense
		0	1	2	3	4					
		2015	2016	2017	2018	2019					
1	FM 149 Lift Station Improvements <sup>(8)</sup>	116,000	-	27,000	-	-	142,208	1.50%	5	0.209089	30,000
2	Rate Analysis	2,500	-	-	-	-	2,500	1.50%	5	0.209089	1,000
3	SH 105 Lift Station Improvements <sup>(8)</sup>	193,000	-	40,000	32,000	-	262,429	1.50%	5	0.209089	55,000
4	Stewart Creek Lift Station Improvements <sup>(8)</sup>	56,000	-	-	-	-	56,000	1.50%	5	0.209089	12,000
5	Stewart Creek Wastewater Treatment Plant Improvements <sup>(8)</sup>	157,000	-	-	-	-	157,000	1.50%	5	0.209089	33,000
6	Wastewater Permit Amendment	35,000	3,000	-	-	-	37,956	1.50%	5	0.209089	8,000
7	Wastewater Treatment Plant Expansion	300,000	3,190,000	1,645,000	-	-	5,039,596	5.00%	30	0.065051	328,000 <sup>(9)</sup>
<b>SEWER TOTALS</b>		<b>\$ 859,500</b>	<b>\$ 3,193,000</b>	<b>\$ 1,712,000</b>	<b>\$ 32,000</b>	<b>\$ -</b>	<b>\$ 5,697,688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 139,000<sup>(9)</sup></b>

**NOTES:**

- 1) Our understanding is that completion of the waterline across the bridge is an obligation of Steve Bowen per his development agreement with the City. L Squared engineering has already prepared construction drawings.
- 2) Our understanding is that the City previously applied for and was denied a CDBG to fund EST construction on land donated by Chris Cheatham.
- 3) Approximately 10,000 LF of 12-inch waterline. Present day cost approximately \$130/LF.
- 4) Approximate location is from Jim's Hardware to Cedar Brake Park and completes a 12-inch waterline from WP No. 3 to the Ema's Way. Stylecraft Builders, Inc. has indicated a possible willingness to contribute to this cost, however per the Cheatham development agreement they are not obligated to do so.
- 5) Represents miscellaneous repairs identified in inspection report dated 21 January 2015.
- 6) Includes GST No.1 repairs, miscellaneous site repairs, and cooling tower expansion.
- 7) Well reworks are typically occur in 10-12 year intervals.
- 8) Represents site specific repairs identified in inspection report dated 21 January 2015.
- 9) Large capital projects assumed to be funded through future bond sale and are not included in the capital costs built into this rate analysis.

Estimated Inflation Rate (%)      1.50%      \*Estimated inflation rate is used to convert future capital costs into a net present value. Inflation rate taken from TCEQ published values for historical inflation factors.  
[http://www.tceq.texas.gov/adminservices/financial-assurance/revenue/annual\\_inflation\\_factors.html](http://www.tceq.texas.gov/adminservices/financial-assurance/revenue/annual_inflation_factors.html)

## **Conclusions & Recommendations – Work Flow Process for TORC**

- The Design Basis for a project is the most important part of this flow chart; they usually make or break a project. For TORC to be of any real assistance to the City, this step has to be completed.
- The City's 2015 Capital Improvement Plan needs to be updated, we're in the last year of the plan (ends with 2019).
- Recommend that as the 2015 Master Plan projects come up for engineering work, that the Design Basis is revisited since a lot has changed since the 2015 Analysis were completed.
- Recommend that the City follow through with the one request from the 2015 Sewer Analysis, it was suggested that the City look at the daily reads of the critical Lift Station's more often to properly assess the system's flow conditions.

**Water & Sewer  
Costs for  
Budget Yr  
2017-2018  
(WWTP Flow)**

**City Of Montgomery Water/Sewer/Rain Data from 2015 - 2018**

Month	2015 WWTP Flow	2015 Rainfall	2016 WWTP Flow	2016 Rainfall	2017 WWTP Flow	2017 Rainfall	2018 WWTP Flow	2018 Rainfall	4 yr Avg WWTP Flow	4 Yr Avg Rainfall	30 Yr Avg by PRISM
Jan	1,810,000	3.22	2,136,000	3.54	5,040,000	2.17	3,956,000	2.99	3,235,500	2.98	3.77
Feb	2,120,000	2.08	1,343,000	0.53	5,736,000	3.69	3,979,000	2.59	3,294,500	2.22	3.38
Mar	2,350,000	5.59	2,454,000	8.38	4,022,000	2.87	3,744,000	0.69	3,142,500	4.38	3.36
Apr	2,990,000	6.48	2,678,000	1.69	4,115,000	5.32	4,096,000	6.49	3,469,750	5.00	3.09
May	3,020,000	8.98	3,409,000	13.62	4,058,000	0.45	3,481,000	2.33	3,492,000	6.35	4.57
Jun	4,090,000	13.12	4,021,000	5.88	4,591,000	9.91	3,121,000	3.11	3,955,750	8.01	4.67
Jul	3,310,000	1.21	3,012,000	0.90	4,092,000	5.32	3,417,000	6.82	3,457,750	3.56	2.72
Aug	3,540,000	0.14	2,980,000	5.87	5,107,000	2.27	3,049,000	2.19	3,669,000	2.62	3.40
Sep	3,900,000	3.44	1,906,000	3.63	7,199,000	19.66	3,485,000	4.18	4,122,500	7.73	3.73
Oct	3,330,000	0.38	1,515,000	5.40	5,204,000	2.46	4,789,000	11.69	3,709,500	4.98	4.98
Nov	2,630,000	9.71	1,164,000	2.48	5,473,000	3.69	5,422,000	5.69	3,672,250	5.39	4.95
Dec	2,044,000	2.48	4,601,000	7.12	5,412,000	3.46	5,093,000	4.64	4,287,500	4.43	3.90
gals	35,134,000	56.83	31,219,000	59.04	60,049,000	61.27	47,632,000	53.41	43,508,500	57.64	46.52
Month avg	2,927,833	4.74	2,601,583	4.92	5,004,083	5.11	3,969,333	4.45	3,625,708	4.80	3.88
Daily Avg	96,258		85,532		164,518		130,499		119,201		

High rainfall in Red

CT Overflow Harvey-Aug

NOTE: Monthly Data (billing cycle)

Month	2015 SOLD Wtr Flow	2016 SOLD Wtr Flow	2017 SOLD Wtr Flow	2018 SOLD Wtr Flow	4 yr Avg SOLD Wtr Flow
Jan	4,800,000	5,551,000	6,064,000	5,369,000	5,446,000
Feb	4,660,000	6,388,000	5,626,000	5,791,000	5,616,250
Mar	4,610,000	6,265,000	5,626,000	5,459,000	5,490,000
Apr	5,850,000	7,218,000	6,910,000	6,750,000	6,682,000
May	5,370,000	6,686,000	8,721,000	8,814,000	7,397,750
Jun	5,230,000	7,194,000	9,105,000	10,976,000	8,126,250
Jul	8,020,000	11,764,000	9,235,000	9,043,000	9,515,500
Aug	12,200,000	11,315,000	11,127,000	10,922,000	11,391,000
Sep	11,480,000	7,840,000	9,628,000	10,678,000	9,906,500
Oct	9,970,000	9,541,000	9,368,000	7,418,000	9,074,250
Nov	6,280,000	7,938,000	7,767,000	6,344,000	7,082,250
Dec	4,997,000	5,653,000	6,136,000	5,847,000	5,658,250
gals	83,467,000	93,353,000	95,313,000	93,411,000	91,386,000
Month avg	6,955,583	7,779,417	7,942,750	7,784,250	7,615,500
Daily avg	231,853	259,314	264,758	259,475	253,850

NOTE: Billing Cycle

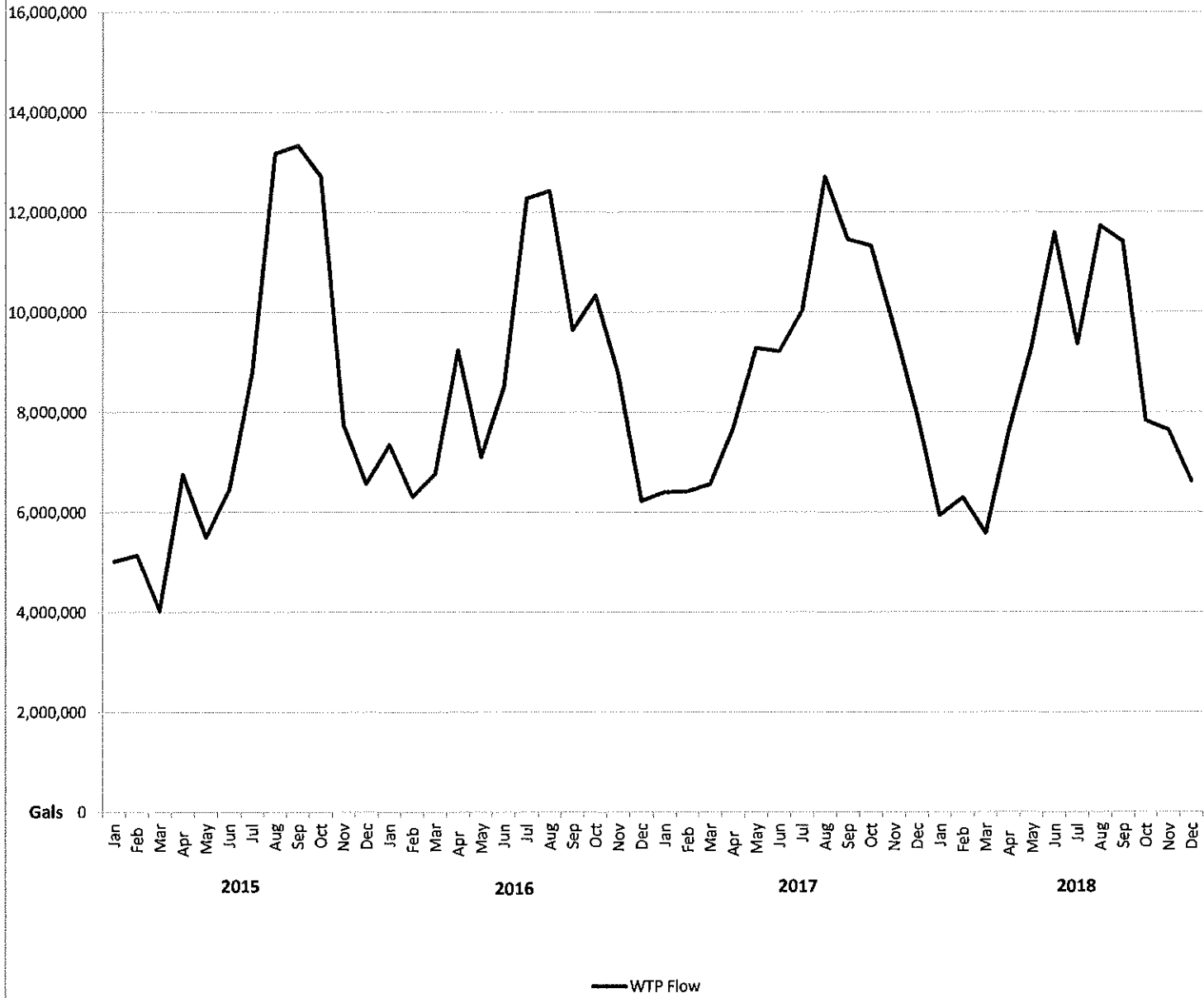
Month	2015 WTP Flow	2016 WTP Flow	2017 WTP Flow	2018 WTP Flow	4 yr Avg WTP Flow
Jan	5,017,000	7,355,000	6,407,000	5,943,000	6,180,500
Feb	5,140,000	6,313,000	6,418,000	6,299,000	6,042,500
Mar	4,030,000	6,769,000	6,571,000	5,584,000	5,738,500
Apr	6,760,000	9,247,000	7,686,000	7,610,000	7,825,750
May	5,500,000	7,107,000	9,286,000	9,304,000	7,799,250
Jun	6,460,000	8,522,000	9,226,000	11,593,000	8,950,250
Jul	8,810,000	12,284,000	10,036,000	9,370,000	10,125,000
Aug	13,180,000	12,432,000	12,718,000	11,730,000	12,515,000
Sep	13,340,000	9,649,000	11,463,000	11,422,000	11,468,500
Oct	12,720,000	10,342,000	11,337,000	7,836,000	10,558,750
Nov	7,760,000	8,770,000	9,688,000	7,647,000	8,466,250
Dec	6,579,000	6,228,000	7,951,000	6,629,000	6,846,750
gals	95,296,000	105,018,000	108,787,000	100,967,000	102,517,000
Month avg	7,941,333	8,751,500	9,065,583	8,413,917	8,543,083
Daily avg	264,711	291,717	302,186	280,464	284,769

Note: Production

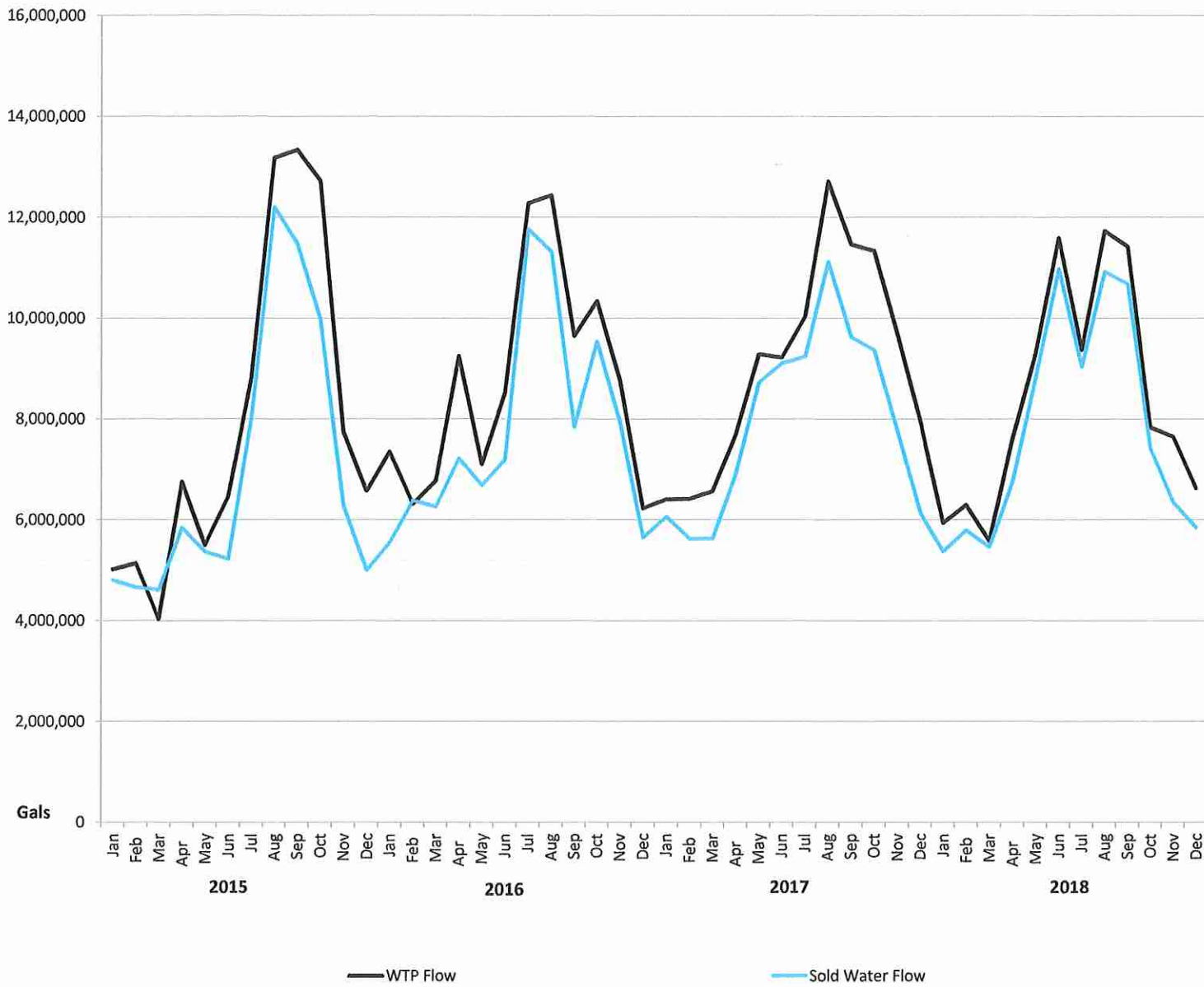
CT Overflow

CC

### 2015 - 2018 Monthly Flows

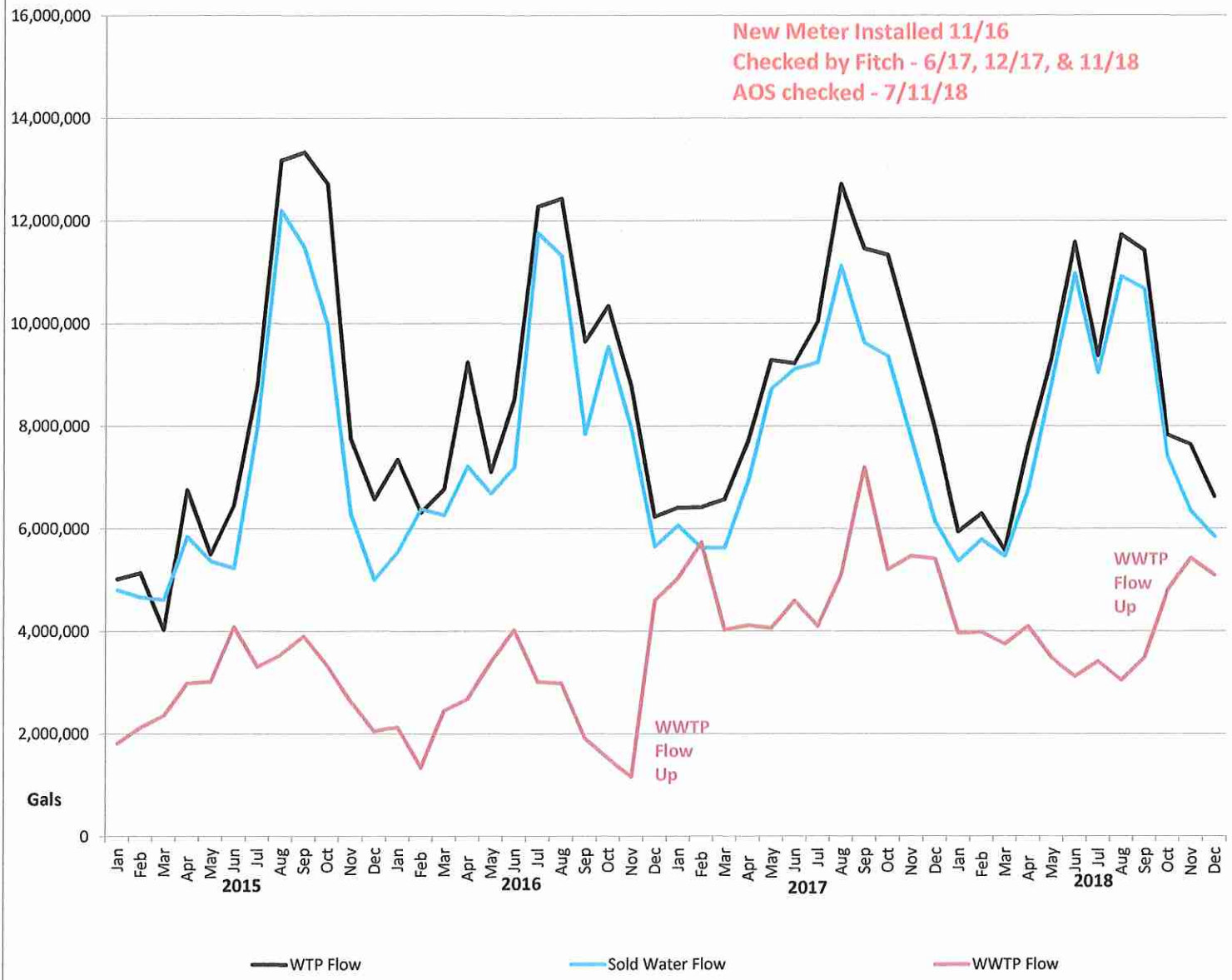


### 2015 - 2018 Monthly Flows

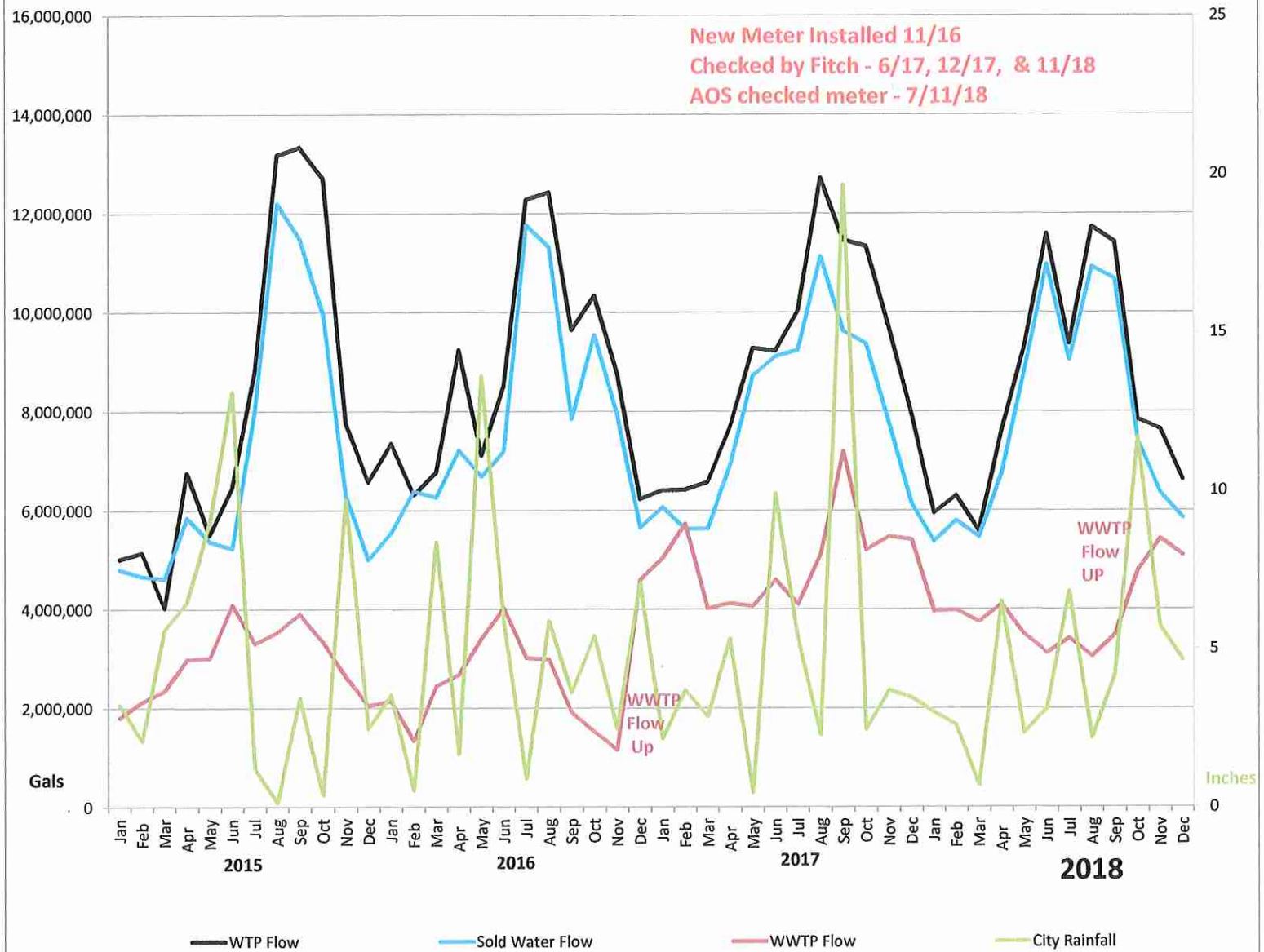




## 2015 - 2018 Monthly Flows

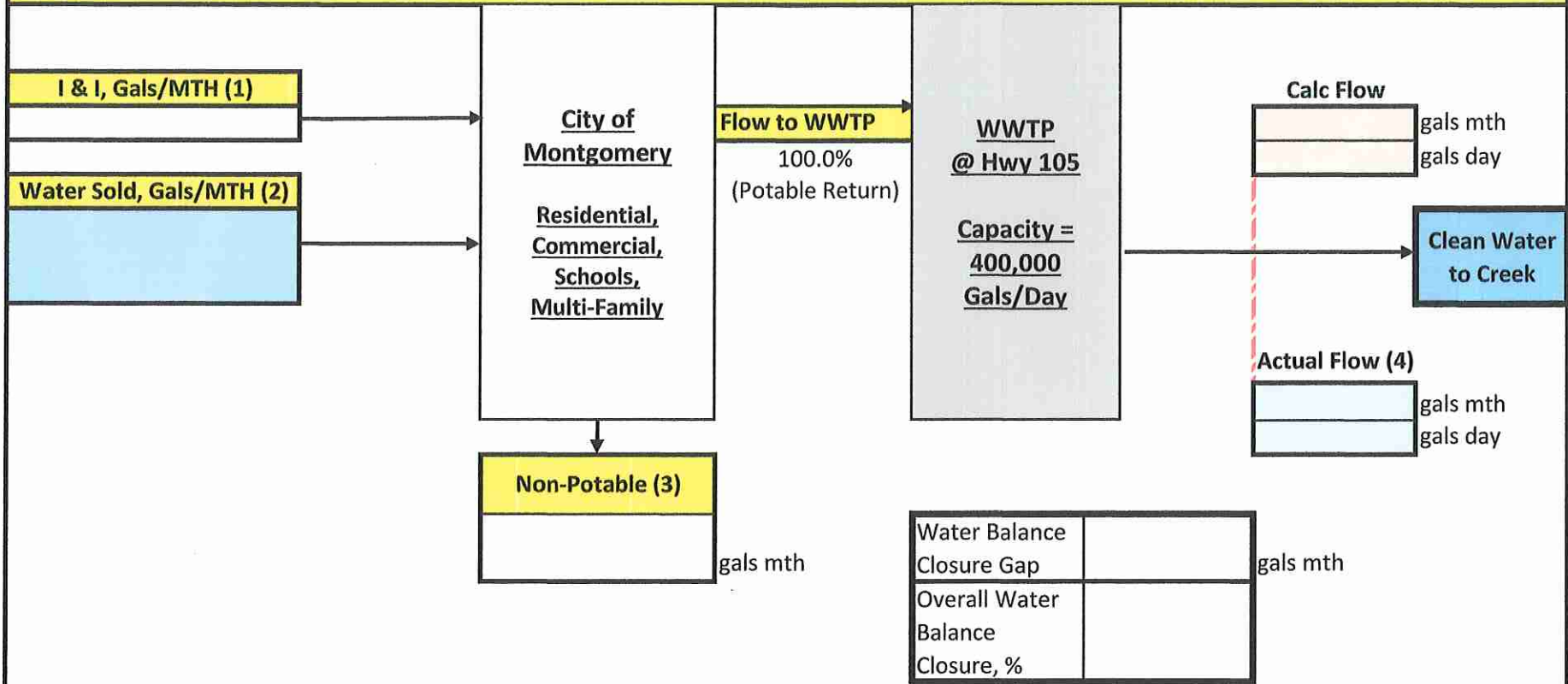


## 2015 - 2018 Monthly Flows



# Water Balance Tool

## Overall Water Balance for the City of Montgomery, Texas



**Notes:**

- 1) Estimated by the difference between the raw sewer flow and the medium adjusted sewer flow rate used for rainfall days.
- 2) Total of all sold water (using electronic water meters).
- 3) Estimated by using existing Irrigation, Hyd, Fire Dept, CT makeup meters and by the difference between Summer flows (facility usage + irrigation) and Winter flows (facility usage only) for Residential and Commercial Classes only.
- 4) Using single meter at WWTP (Hydroranger 200, by Siemens).

### City Of Montgomery WWTP Daily Flows

WWTP FLOW	Dec-17	WWTP Jan-18	WWTP Feb-18	WWTP Mar-18	WWTP Apr-18	WWTP May-18	WWTP Jun-18	WWTP Jul-18	WWTP Aug-18	WWTP Sep-18	WWTP Oct-18	WWTP Nov-18	WWTP Dec-18
1		0.0810	0.1310	0.1630	0.1250	0.1120	0.0900	0.0930	0.1330	0.0890	0.1350	0.3570	0.1770
2		0.1250	0.1080	0.1070	0.1000	0.1490	0.1060	0.1030	0.1070	0.0910	0.1900	0.2070	0.0900
3		0.0900	0.1130	0.1400	0.1290	0.1350	0.0860	0.0870	0.0810	0.1030	0.1770	0.1690	0.1230
4		0.1110	0.1160	0.1390	0.1600	0.1170	0.0920	0.0650	0.0550	0.1810	0.0940	0.1830	0.1040
5		0.1050	0.1340	0.1440	0.1400	0.0880	0.0890	0.1510	0.1030	0.0980	0.1490	0.2850	0.1250
6		0.0800	0.1260	0.1270	0.1000	0.0880	0.0870	0.1050	0.1260	0.1510	0.0940	0.1430	0.1580
7		0.1020	0.1220	0.1060	0.1370	0.1060	0.0810	0.0860	0.0880	0.0910	0.1000	0.1430	0.1040
8		0.1360	0.1470	0.1200	0.0990	0.1200	0.1020	0.1360	0.0850	0.0850	0.1440	0.1420	0.3600
9		0.1370	0.1440	0.0830	0.1340	0.1410	0.0770	0.1220	0.1070	0.1010	0.1520	0.1650	0.3930
10		0.1270	0.1130	0.0950	0.0870	0.1010	0.0910	0.1510	0.0820	0.0950	0.3650	0.3170	0.2540
11		0.1360	0.1420	0.0950	0.1130	0.0880	0.0880	0.0900	0.1230	0.1310	0.1210	0.1500	0.1510
12		0.1830	0.1220	0.0880	0.1260	0.0940	0.0810	0.0950	0.0720	0.1350	0.1240	0.2840	0.1420
13		0.1130	0.1220	0.0780	0.0640	0.1000	0.1190	0.0710	0.1150	0.2000	0.1250	0.2110	0.1690
14		0.1000	0.1930	0.0780	0.1930	0.1060	0.0810	0.0790	0.1280	0.1030	0.0950	0.1740	0.1900
15		0.1340	0.1310	0.0740	0.1100	0.1240	0.0750	0.0910	0.1250	0.1630	0.1050	0.1320	0.1170
16		0.1415	0.1000	0.0820	0.1070	0.1150	0.0890	0.1240	0.0950	0.1110	0.3900	0.1590	0.1700
17	0.3050	0.1415	0.1180	0.0750	0.1020	0.1030	0.0740	0.0860	0.1070	0.0995	0.2670	0.0530	0.2210
18	0.1520	0.1340	0.1090	0.0880	0.1290	0.0840	0.1160	0.0950	0.1010	0.0995	0.1810	0.1980	0.1440
19	0.1940	0.1010	0.1200	0.1250	0.1280	0.1280	0.0990	0.0970	0.1030	0.1130	0.1160	0.2270	0.1260
20	0.2270	0.1350	0.1100	0.1260	0.1160	0.0880	0.2100	0.0780	0.1030	0.1230	0.3500	0.2960	0.2210
21	0.1960	0.1170	0.2030	0.1160	0.0700	0.3040	0.3780	0.1170	0.1040	0.1120	0.0870	0.1410	0.1450
22	0.1260	0.1050	0.1540	0.1070	0.2240	0.1060	0.0920	0.0750	0.1060	0.1800	0.1010	0.1300	0.1340
23	0.1030	0.1400	0.1510	0.0950	0.1420	0.1400	0.1480	0.1120	0.1320	0.2130	0.1890	0.1200	0.1190
24	0.1020	0.1330	0.1210	0.1120	0.1620	0.0930	0.0590	0.0790	0.0970	0.1080	0.1940	0.1740	0.1600
25	0.0950	0.1310	0.1310	0.0840	0.1000	0.1090	0.0900	0.1020	0.1010	0.1170	0.2170	0.1240	0.0550
26	0.0790	0.0850	0.4990	0.0960	0.1380	0.0040	0.1160	0.0750	0.0970	0.1200	0.0850	0.1400	0.1130
27	0.1540	0.1490	0.2410	0.1040	0.0910	0.1930	0.1100	0.0850	0.1120	0.2000	0.1380	0.1550	0.3820
28	0.1130	0.2020	0.1110	0.1150	0.0970	0.0960	0.0870	0.0910	0.1130	0.0740	0.1270	0.1360	0.3710
29	0.1020	0.1550		0.5730	0.0940	0.0750	0.0810	0.1000	0.1390	0.1250	0.1280	0.1140	0.1400
30	0.1110	0.1410		0.1670	0.1030	0.1030	0.0960	0.0940	0.1300	0.2780	0.1400	0.1160	0.1100
31	0.1090	0.1000		0.1620		0.0900		0.1170	0.1190		0.1400		0.2950

Avg 18th-17th  
(Daily flow)

126,000    129,355    133,714    132,129    116,033    100,677    113,900    98,355    115,629    156,317    176,355    170,633

**130,758** (gals)  
Yr Avg Daily flow

Total 18th-17th

3,906,000    4,010,000    3,744,000    4,096,000    3,481,000    3,121,000    3,417,000    3,049,000    3,584,500    4,689,500    5,467,000    5,119,000

**3,973,667** (gals)  
Avg Mthly Flow

Monthly

Jan    Feb    Mar    Apr    May    Jun    Jul    Aug    Sep    Oct    Nov    Dec

Median #

113,000    131,000    115,500    113,000    109,000    90,000    95,500    97,000    103,000    124,500    159,000    146,500

**116,417** (gals)  
Yr Medium Avg

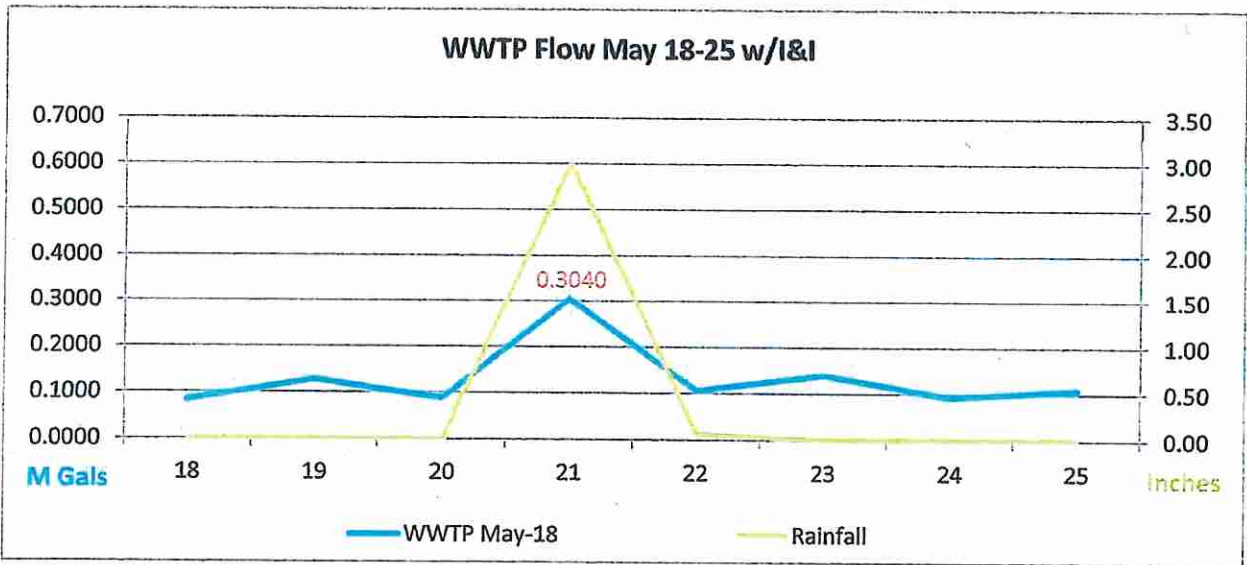
Rain days (yellow)

Schools Not in Session

Red (high flow rates)

**47,684,000** (gals)  
TOTAL YR FLOW

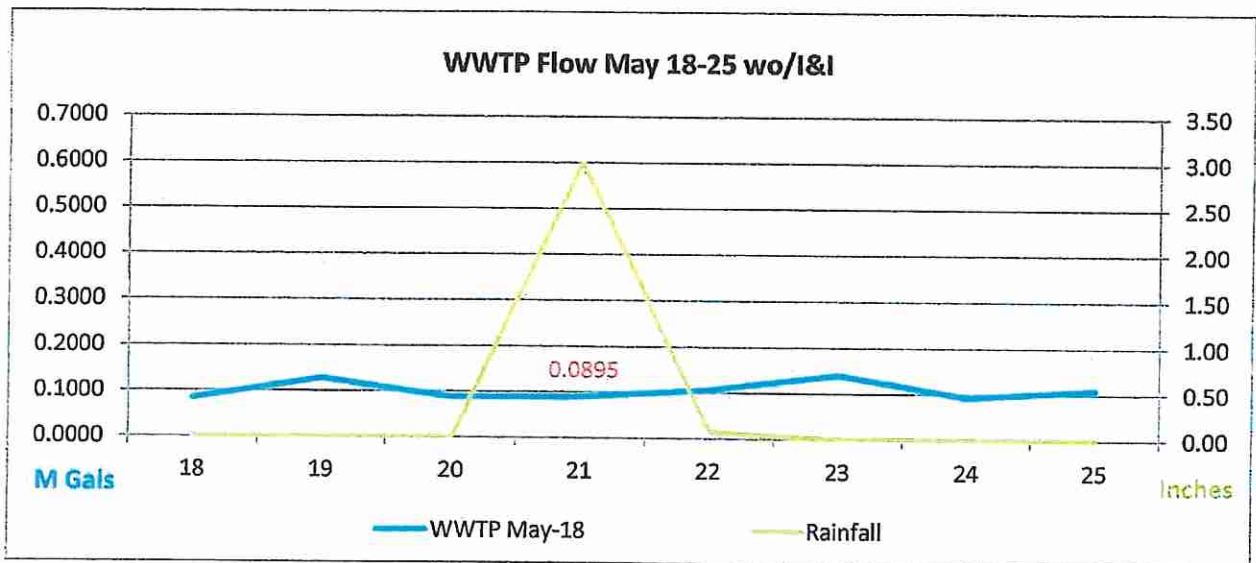
## How WWTP's I and I is Calculated



**WWTP Flow 1.0520** (for this 8 day period)  
M Gals

- 1) For each monthly billing cycle a medium WWTP flow value is obtained from the days with no rain.
- 2) That flow value is then placed in the data base on the rain days for that billing cycle,
- 3) The I&I gallons for that cycle is the difference of gallons between the raw WWTP flow rate and the WWTP medium adjusted flow data.

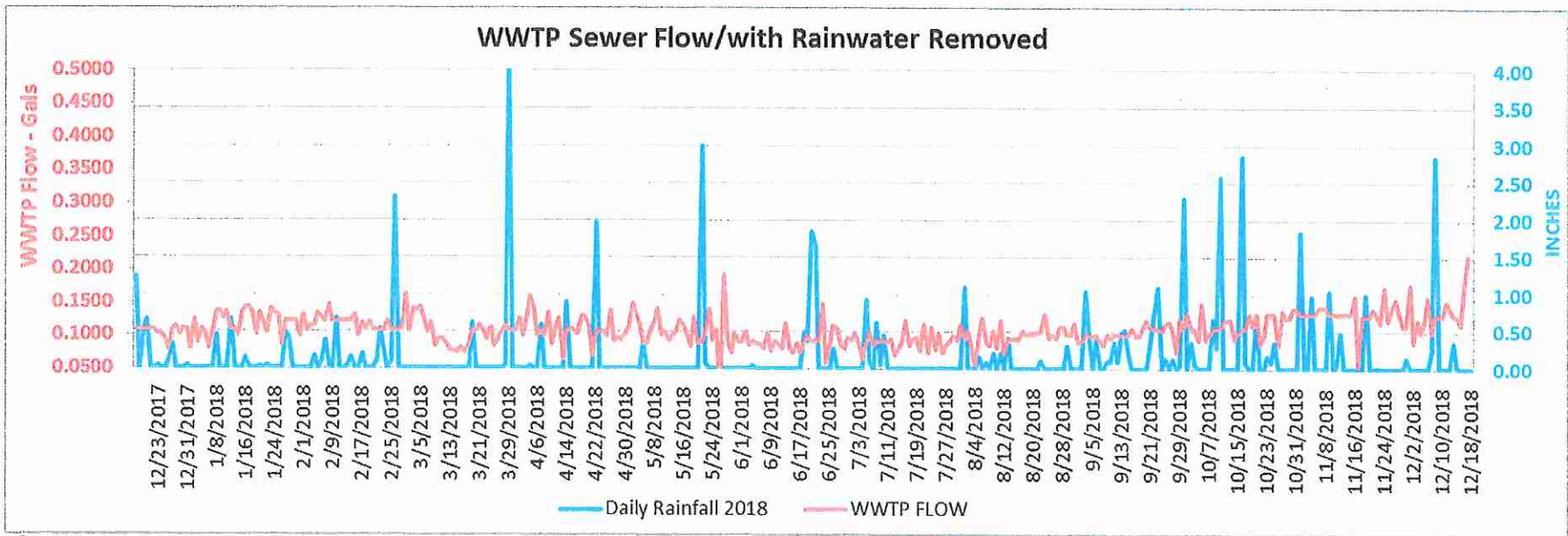
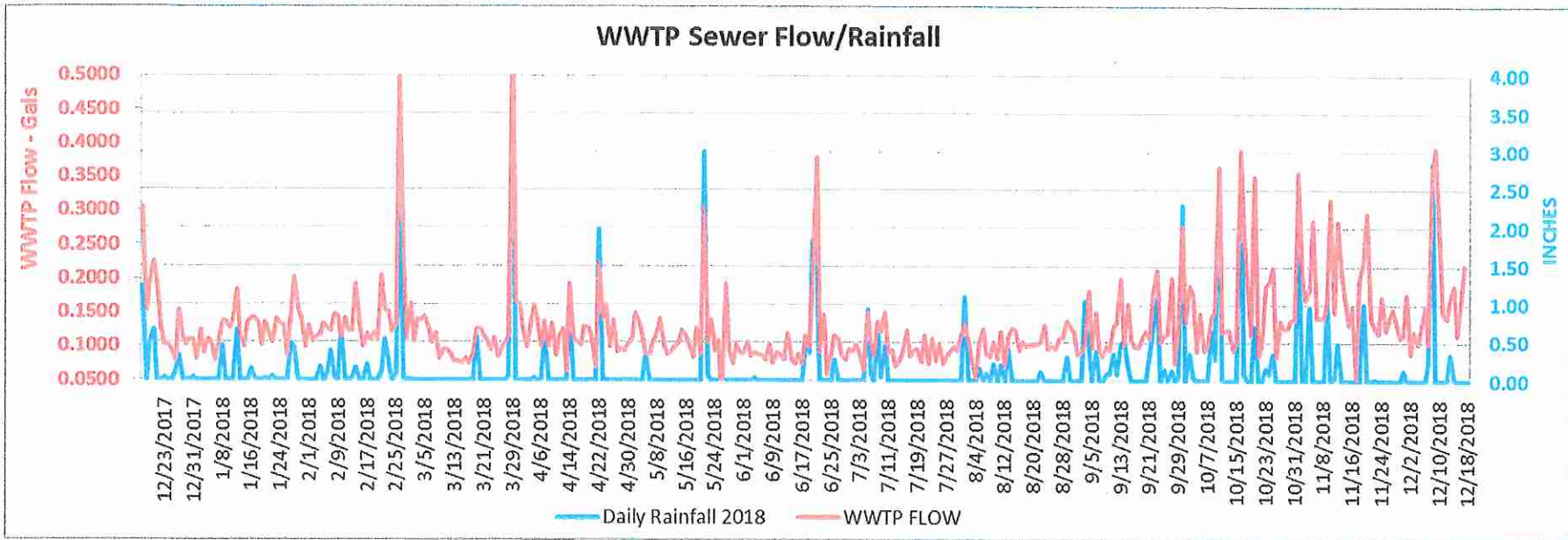
**Note:** Each monthly billing cycle has a different medium flow value.

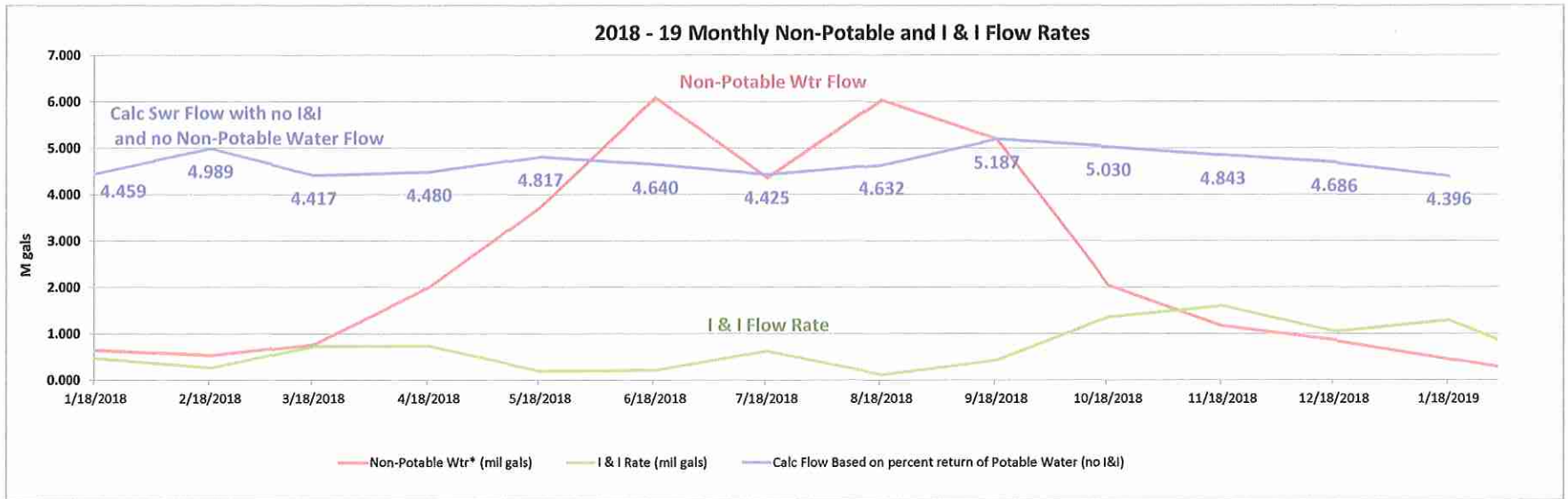
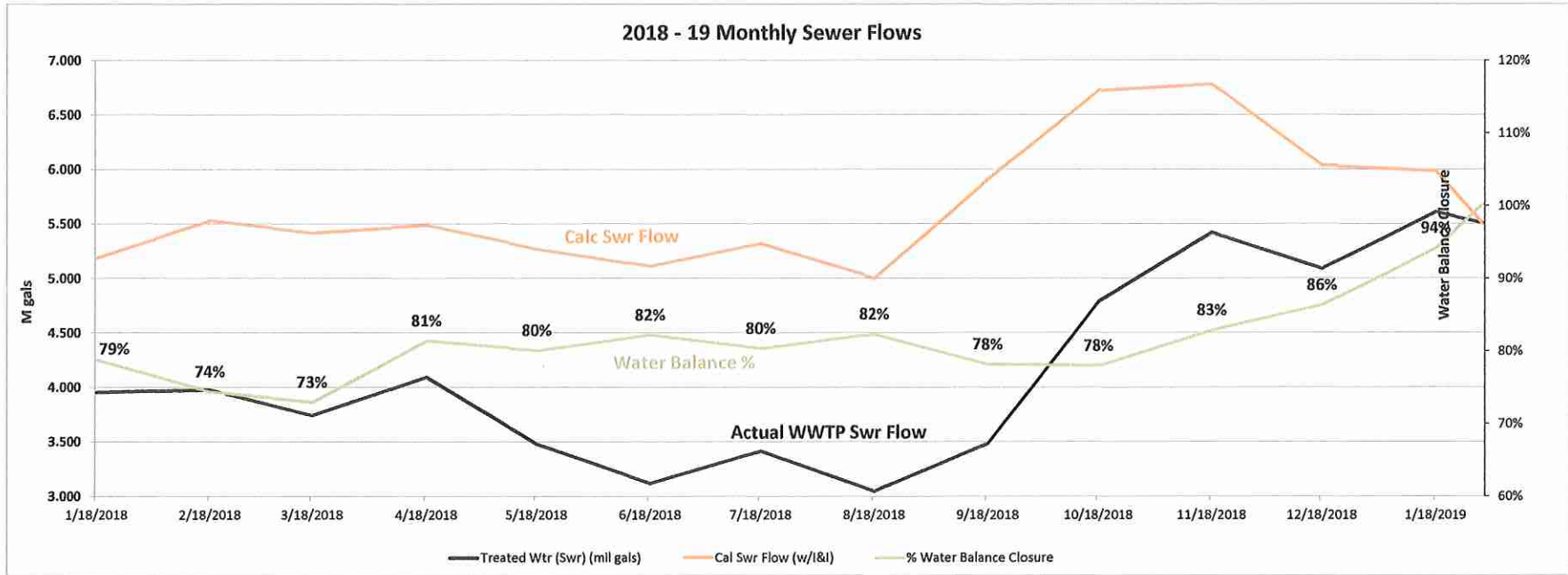


**WWTP Flow 0.8375** (for this 8 day period)  
M Gals

**Medium flow for that Billing Cycle was - 0.0895 M Gals**

**I&I Flow 0.2145** (for this 8 day period)  
M Gals

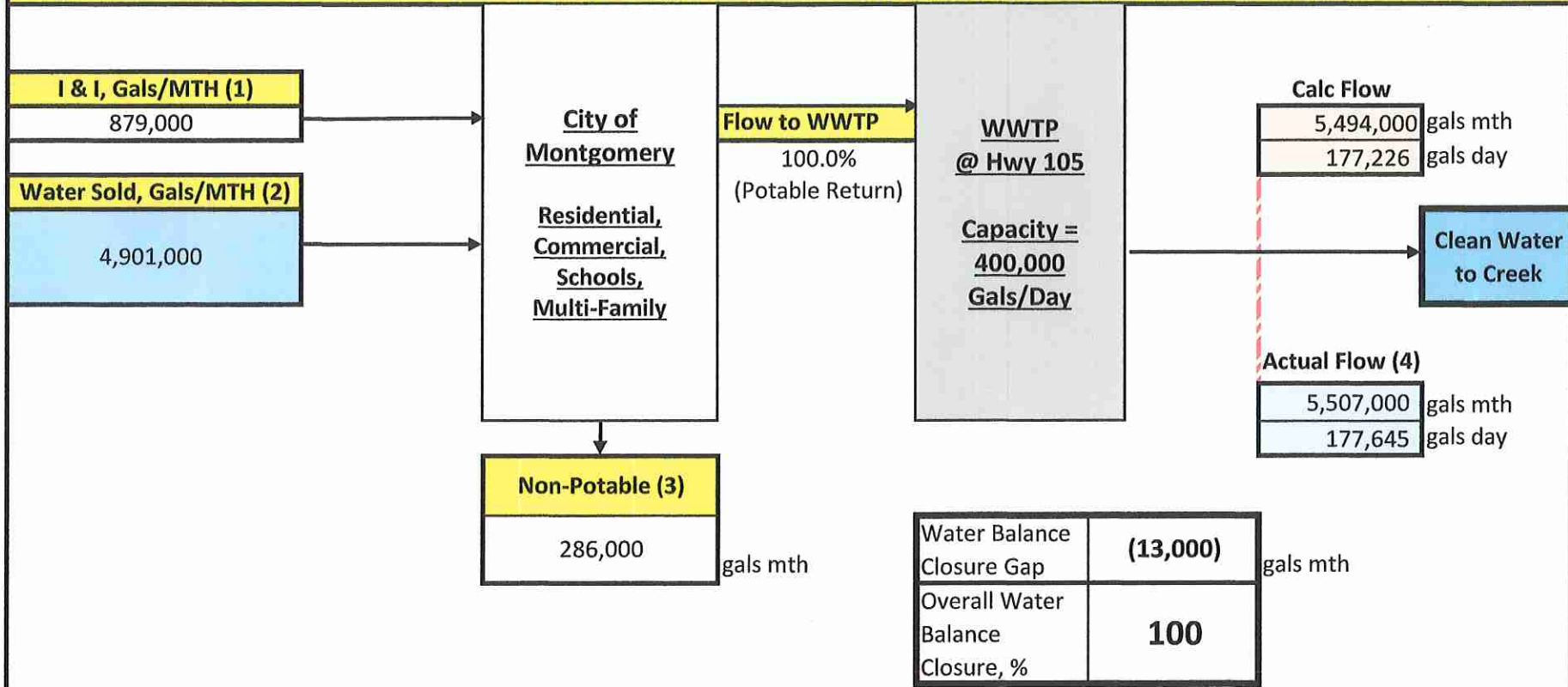




## DATA FOR MONTH OF JAN 2019

### Overall Water Balance for the City of Montgomery, Texas

(Values Shown are for the month of Jan 2019 - using Beacon Data )



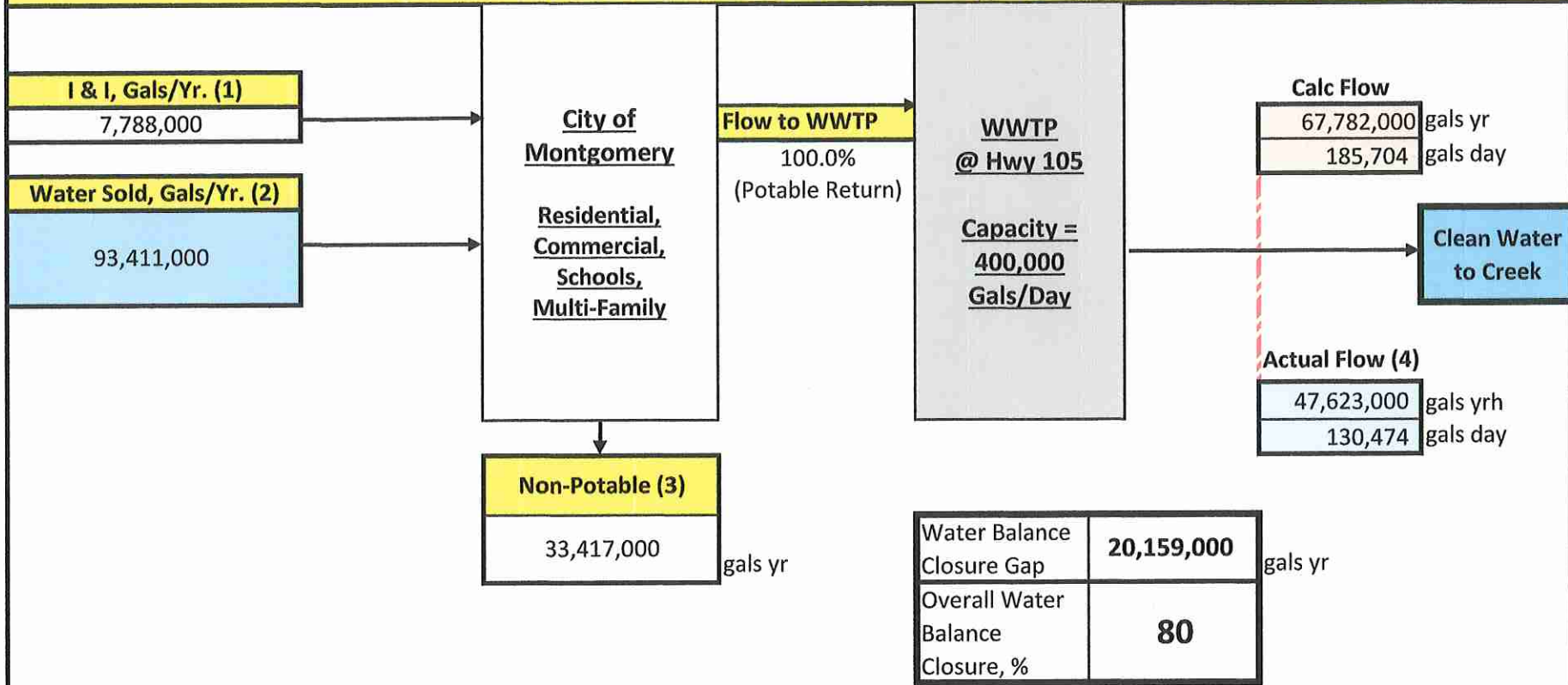
**Notes:**

- 1) Estimated by the difference between the raw sewer flow and the medium adjusted sewer flow rate used for rainfall days.
- 2) Total of all sold water (using electronic water meters).
- 3) Estimated by using existing Irrigation, Hyd, Fire Dept, CT makeup meters and by the difference between Summer flows (facility usage + irrigation) and Winter flows (facility usage only) for Residential and Commercial Classes only.
- 4) Using single meter at WWTP (Hydroranger 200, by Siemens).



## DATA FOR YEAR 2018

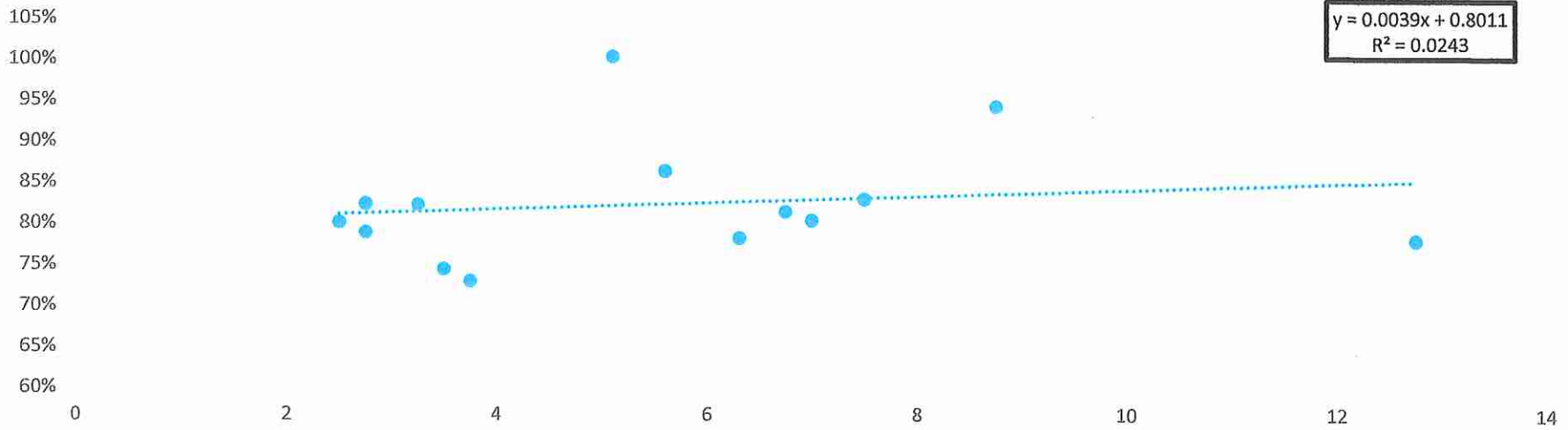
### Overall Water Balance for the City of Montgomery, Texas (Values Shown are for the Calendar Year 2018)



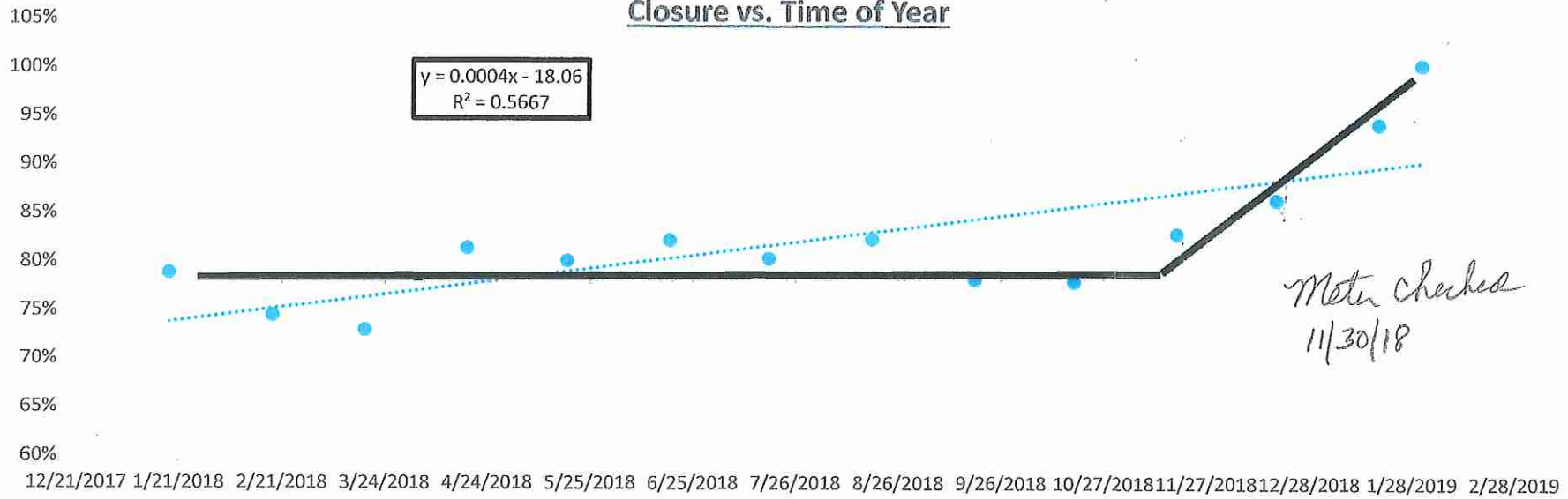
**Notes:**

- 1) Estimated by the difference between the raw sewer flow and the medium adjusted sewer flow rate used for rainfall days.
- 2) Total of all sold water (using electronic water meters).
- 3) Estimated by using existing Irrigation, Hyd, Fire Dept, CT makeup meters and by the difference between Summer flows (facility usage + irrigation) and Winter flows (facility usage only) for Residential and Commercial Classes only.
- 4) Using single meter at WWTP (Hydroranger 200, by Siemens).

Closure vs. Rainfall



Closure vs. Time of Year



## **Conclusions & Recommendations – WWTP Flow**

- Measured flow to WWTP appears to have been low, now may be OK.
- Effluent WWTP flow meter calibrated by Fitch on Nov 30, 2018.
- Overall City water balance ~100% for calendar month of Jan, 2019.
- Recommend calibrating this meter every quarter, do monthly city water balances for 2019 and track closure, estimated flow to WWTP (likely around 175,000 Gals/D with I&I).
- Consider adding data logger to WWTP flow chart so flow can be better analyzed.
- Met with Fitch at WWTP on March 18, 2019. Fitch seems to be doing a good job of calibration and is knowledgeable about the function of the meter.
- Continue to analyze the data from Gulf Utilities that compares the Staff Gauge readings with the Instantaneous flow reading.
- Effluent from WWTP going into Stewart Creek is very clear. Longer-term, the City should consider using this water for commercial irrigation (~64,000,000 Gals/Yr).

## Conclusions & Recommendations – Cost of Water/Sewer for Budget Yr 2017 - 2018

### WATER

- Water 4 yr average for 2015 - 2018 was 102,517,000 Gals (pumped)
- The cost of **water** is estimated to be **\$7.90/1000 Gals** (includes 5 yr CIP and depreciation cost)
- Recommend developing an operating strategy for the Jasper and Catahoula Wells, including how the new projects at WTP#3 are to be used with this strategy (to help reduce operating cost).

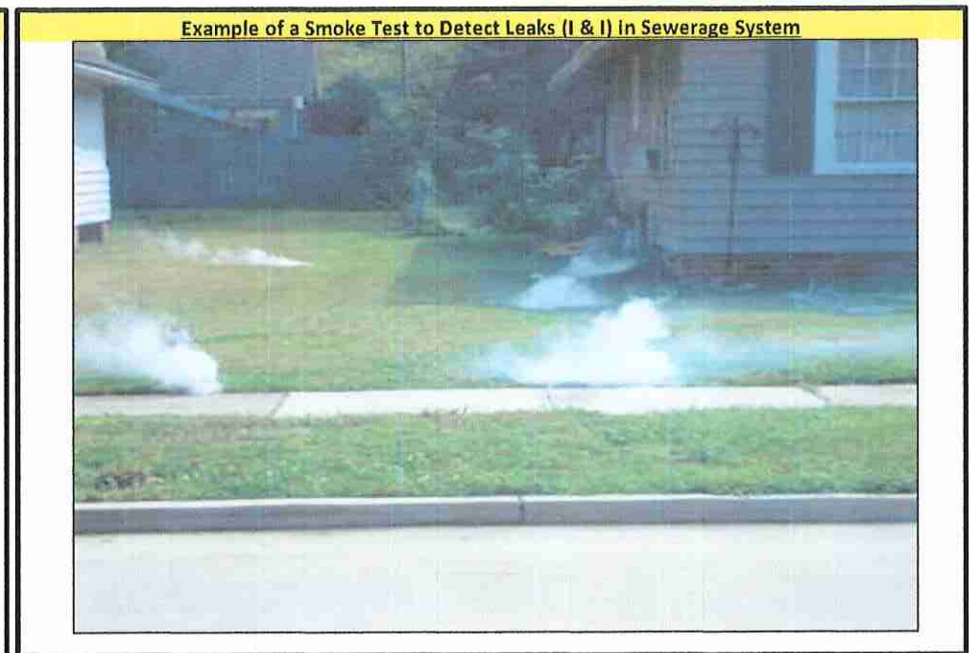
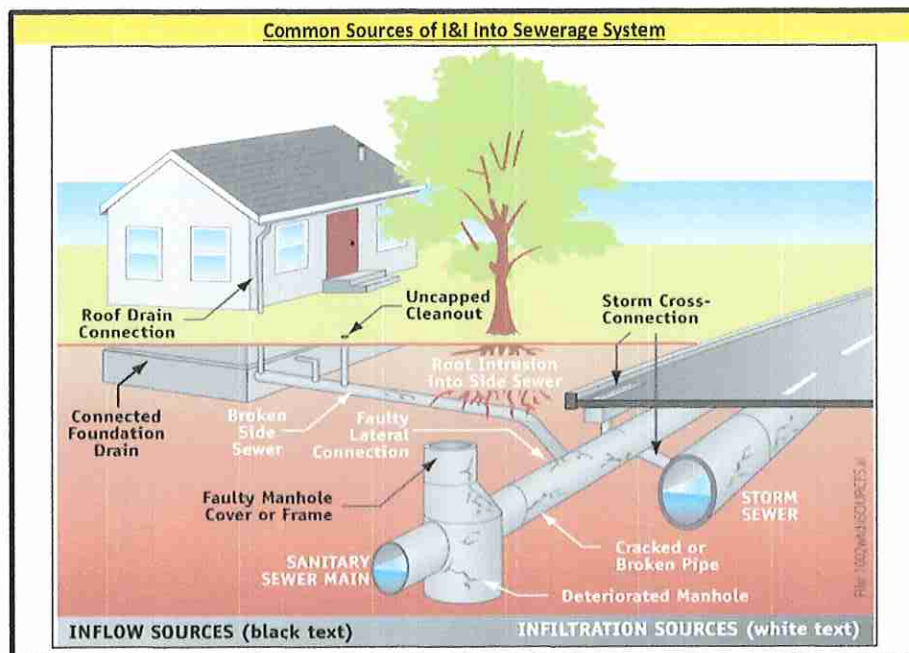
### SEWER

- Actual WWTP flow was **47,632,000 Gals** for 2018 (we believe this to be low), so a calculated sewer flow rate of **~64,000,000 Gals** was used based on the City Water Balance calculations.
- The cost of **sewer** is estimated to be **\$11.16/100 Gals** (includes 5 yr CIP and depreciation cost)
- Recommend looking at your normal operations for any efficiency steps that could be taken to reduce operating cost (see I & I slide for other recommendations).

**Cost for I & I to  
WWTP**

# Conclusions & Recommendations – I&I

- I&I estimated for 2018 at about 8,000,000 Gals
- Cost of I&I estimated at \$5.63/1000 Gals or about \$45,000/year
- Recommend smoke testing to try to find sources of I&I

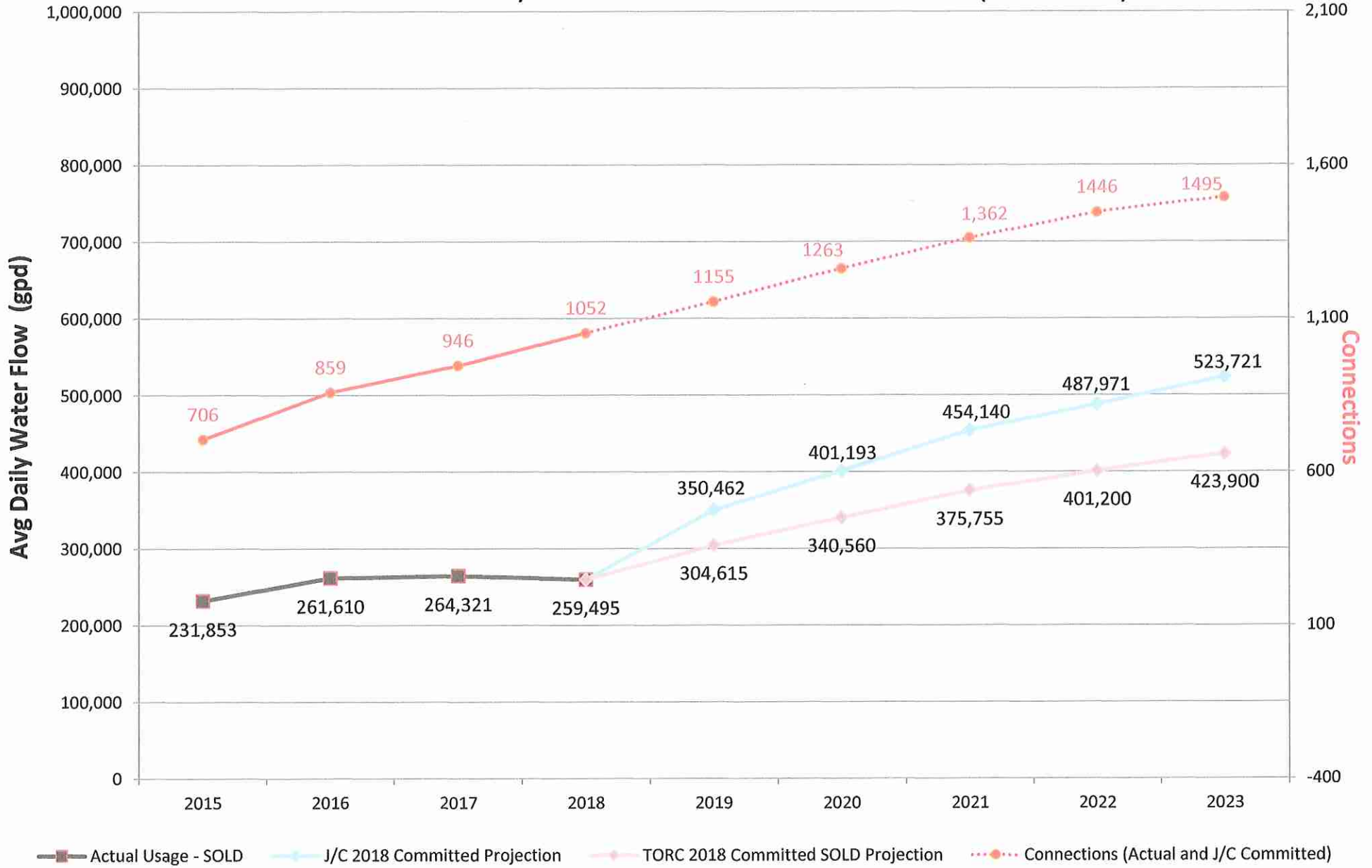


# Water Usage Projection Rates

# MONTGOMERY WATER USAGE PROJECTION TRACKER

Dec 2018

COMPARISON OF J/C AND TORC WATER COMMITTED PROJECTIONS (as of Dec 2018)





# MONTGOMERY WATER USAGE PROJECTION TRACKER

Dec 2018

COMPARISON OF J/C AND TORC WATER POTENTIAL PROJECTIONS (as of Dec 2018)



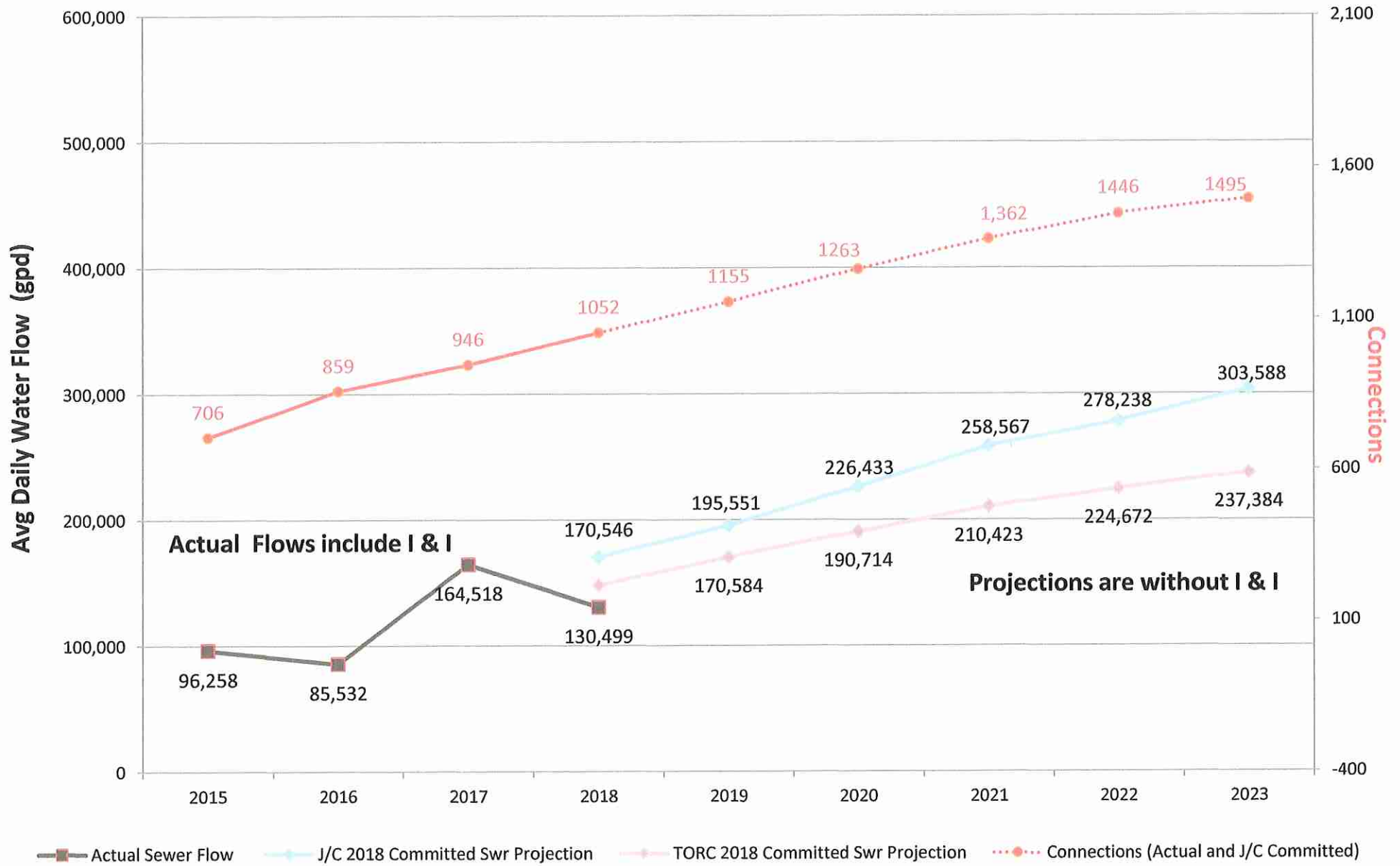
## Conclusions & Recommendations – Water Usage Projection Rates

- J/C and TORC have work over the last ~ 6 months to get to our existing projections rates, our biggest difference is the usage in the Commercial Class (these are the hardest to project because a commercial user can be anywhere between a Mom and Pop business all the way up to like a Krogers; with the size of the acreage not always being a determining factor; like McCoys's that has a lot of acreage and only using about the same as a residential user).
- Recommend to continue updating the usage charts (both J/C's and the Projection Tracker), this will help the City forecast when new water projects are needed (either current project execution and/or new project design).
- Recommend resolving the differences of water usage between two of the Cities third party systems (Incode and Beacon, usage numbers don't agree with each other...are we not billing for all our water usage or is Beacon just not showing what we're billing correctly???). Need access to this system to help resolve the issue (for a temporary period of time only).

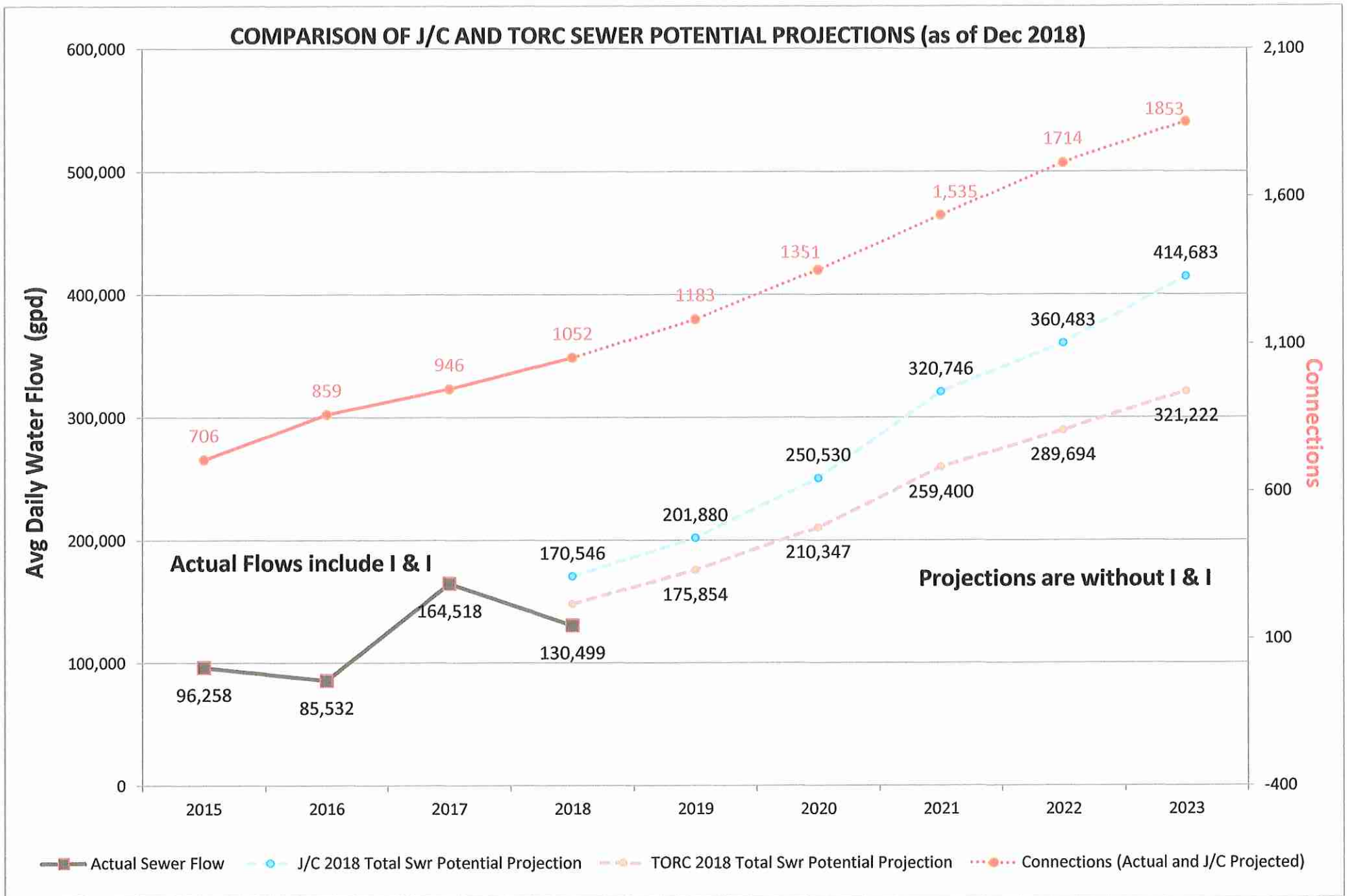
# WWTP Flow Projections Rates

# MONTGOMERY SEWER PROJECTION

## COMPARISON OF J/C AND TORC SEWER COMMITTED PROJECTIONS (as of Dec 2018)



# MONTGOMERY SEWER PROJECTION



## **Conclusions & Recommendations – WWTP Flow Projection Rates**

- J/C and TORC have not worked this one too hard because of the questions about the current readings at the WWTP (we both used about 56% of the average daily water sold, which would currently be ~ 150,000 gals a day for TORC and ~ 170,000 gals a day for J/C; neither of these flow rates have any I & I added to them).
- Recommend to continue to update the usage charts (both J/C's and the one you saw today – The Sewer Projection Tracker).
- Recommend that the City start looking at the possible locations for the future WWTP, investigating all its options.

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 9, 2019</b>	<b>Budgeted Amount:</b>
<b>Prepared By: Jack Yates City Administrator</b>	<b>Exhibits:</b> The engineer memo, Certificate of substantial completion, Maintenance bond, Certificate of acceptance
<b>Date Prepared: April 3, 2019</b>	

**Subject**

This is to consider the approval and acceptance of The Shoppes at Montgomery phase 1 public water and sanitary sewer extension.

**Description**

Attached is the engineering memo regarding his recommendation for the City to accept the project and begin the one-year warranty.

This project was to place Phase I public water and sanitary sewer lines for the use by The Shoppes at Montgomery.

There are no outstanding punchlist items.

Also attached is a Certificate of Acceptance which serves as the approval of the work to begin the one-year guarantee (Maintenance Bond attached) of the work on the project which will end on *April 9*, 2020.

**Recommendation**

Motion to accept the Phase I public water and sewer improvements for The Shoppes at Montgomery and the Certificate of Acceptance – as part of the consent item agenda.

**Approved By**

City Administrator

Jack Yates

Date: April 3, 2019



1575 Sawdust Road, Suite 400  
The Woodlands, Texas 77380  
Tel: 281.363.4039  
Fax: 281.363.3459  
[www.jonescarter.com](http://www.jonescarter.com)

April 3, 2019

The Honorable Mayor and City Council  
City of Montgomery  
101 Old Plantersville Rd.  
Montgomery, Texas 77316

Re: Acceptance of Public Infrastructure  
The Shoppes at Montgomery Public Infrastructure  
City of Montgomery

Dear Mayor and Council:

We have conducted a final inspection of the referenced development and find it to be substantially complete in accordance with the approved plans and specifications. The developer has provided the required maintenance bond for the infrastructure, as included with this letter. We recommend the City accept the public water, sanitary sewer, and paving infrastructure and begin the one-year warranty period, which will end on April 9, 2020.

If you have any questions or comments, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink that reads 'Chris Roznovsky'.

Chris Roznovsky, PE  
Engineer for the City

CVR/kmv

K:\W5841\W5841-0900-00 General Consultation\Correspondence\Letters\2019\MEMO to Council RE Montgomery Shoppes CVS Water & Sanitary Sewer Extension Acceptance.doc

Enclosures: Final Punch List – W5841-1018-00  
Certificate of Substantial Completion – Jones | Carter  
Maintenance Bond  
Certificate of Acceptance

cc/enc (via email): Mr. Jack Yates – City of Montgomery, City Administrator  
Ms. Susan Hensley – City of Montgomery, City Secretary  
Mr. Larry Foerster – Darden, Fowler & Creighton, City Attorney  
Mr. Mike Muckleroy – City of Montgomery, Public Works Director







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 The Woodlands, Texas 77380  
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 Fax: 281.363.3459  
[www.jonescarter.com](http://www.jonescarter.com)

**CERTIFICATE OF SUBSTANTIAL COMPLETION**

Owner: City of Montgomery  
 Contractor: Randy Roan Construction, Inc.  
 Engineer: Christopher Roznovsky PE,  
 Project: Construction of The Shoppes at Montgomery Public Infrastructure  
 Developer: Montgomery SH-105 Associates, LLC  
 Engineer's Project No.: W5841-1018-00  
 Completion Date: April 9, 2019

**This final Certificate of Substantial Completion applies to:**

- All Work                       The following specified portions of the Work:

The Work to which this Certificate applies has been reviewed by authorized representatives of Owner, Contractor, and Engineer, and found to be substantially complete.


The date of Substantial Completion in the final Certificate of Substantial Completion marks the commencement of the contractual correction period and applicable warranties required by the City of Montgomery Code of Ordinances.

Jones & Carter, Inc. provided periodic field project representation and our Certification is based on approved submittals, provided inspection reports and work that was visible at the time of the inspection.

A punch list of items to be completed or corrected was provided and has been completed, and is attached hereto. This list may not be all-inclusive, and the failure to include any items on such list does not alter the responsibility of the Contractor to complete all Work in accordance with the approved Construction Plans and City of Montgomery Design Criteria.

The Final Inspection Punch List dated 1/9/2019 is attached to and made a part of this Certificate.

This Certificate does not constitute an acceptance of Work not in accordance with the Approved Plans and City of Montgomery Design Criteria, is not a release of the Contractor's obligation to complete the Work in accordance with the Approved Plans and City of Montgomery Design Criteria and does not warrant or imply a warranty of the Contractor's materials or workmanship.

<b>EXECUTED BY ENGINEER:</b>	<b>ACKNOWLEDGED:</b>	<b>ACKNOWLEDGED:</b>
By:  (Authorized signature)	By: _____ Owner (Authorized Signature)	By: _____ Contractor (Authorized Signature)
	Title: _____	Title: _____
	Date: _____	Date: _____



**MAINTENANCE BOND**

STATE OF TEXAS                    §  
  §     KNOW ALL PERSONS BY THESE PRESENTS:  
COUNTY OF MONTGOMERY       §

THAT Montgomery SH 105 Associates, LLC of the City of Montgomery, County of Montgomery, and State of Texas, as PRINCIPAL, and Aspen American Insurance Company is/are authorized under the Laws of the State of Texas to act as SURETY on bonds for PRINCIPAL, as SURETY, are held and firmly bound unto City of Montgomery, Texas as OWNER, in the penal sum of Seventeen Thousand Three Hundred and 40/100 dollars and    cents (\$ 17,300.40) for the payment whereof, the said PRINCIPAL and SURETY bind themselves, and their officers, directors, successors and assigns, jointly and severally, pursuant to the following:

WHEREAS, the Principal has entered into a certain written contract with the Owner, dated the 11th day of June, 2018, for construction of:

**The Shoppes at Montgomery Improvements  
to serve  
City of Montgomery, Texas**

which contract is hereby referred to and make a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH that if said PRINCIPAL shall perform regular maintenance and shall repair, replace and restore any and all defects for work provided in said Contract for a period of one (1) year from the date of acceptance of said work from defects in materials furnished by, or workmanship of the contractor or subcontractor performing the work covered by said contract, then this obligation shall be void; otherwise to remain in full force and effect;

PROVIDED, HOWEVER, that this bond is executed pursuant to the provisions of Article 5160 for Public Work of the Revised Civil Statutes of Texas as amended and all liabilities on this bond shall be determined in accordance with the provisions of said Article to the same extent as if it were copied at length herein.

Surety, for value received, stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract, or to the work performed thereunder, or the plans, specifications, or drawings accompanying the same, shall in anyway affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract, or to the work to be performed thereunder.

IN WITNESS WHEREOF, the said Principal and Surety have signed and sealed this instrument the 1st day of April, 2019.

Montgomery SH 105 Associates, LLC  
Principal

Aspen American Insurance Company  
Surety

By: 

By: 

Title: Agent

Title: Adam Martin, Attorney-In-Fact

Address: 149 Colonial Rd  
Manchester, CT 06042

Address: 175 Capital Boulevard, Suite 300  
Rocky Hill, CT 06067

(SEAL)

(SEAL)

The name and address of the Resident Agent of Surety is:

Dedee Kelly, Alliant Insurance Services, Inc.  
5444 Westheimer, Suite 900, Houston, TX 77056

The name, mailing address, physical address and telephone number, including the area code, of the Surety to which any notice of claim should be sent:

Aspen American Insurance Company  
175 Capital Boulevard, Suite 300, Rocky Hill, CT 06067  
(860) 258-3500



Aspen American Insurance Company  
175 Capital Boulevard, Rocky Hill, CT 06067

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, THAT Aspen American Insurance Company, a corporation duly organized under the laws of the State of Texas, and having its principal offices in Rocky Hill, Connecticut, (hereinafter the "Company") does hereby make, constitute and appoint: Woodrow M. Baird; Richard A. Leveroni; Russell M. Canterbury; Steven E. Susantin; Jessica L. Piccirillo; Kathleen M. Flanagan; Diane Morastki; Adam Martia and Victoria P. Parkerson of Alliant Insurance Services, Inc. its true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred to sign, execute and acknowledge on behalf of the Company, at any place within the United States, the following instrument(s) by his/her sole signature and act: any and all bonds, recognizances, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking and any and all consents incident thereto, and to bind the Company thereby as fully and to the same extent as if the same were signed by the duly authorized officers of the Company. All acts of said Attorney(s)-in-Fact done pursuant to the authority herein given are hereby ratified and confirmed. This appointment is made under and by authority of the following Resolutions of the Board of Directors of said Company effective on April 7, 2011, which Resolutions are now in full force and effect;

VOTED: All Executive Officers of the Company (including the President, any Executive, Senior or Assistant Vice President, any Vice President, any Treasurer, Assistant Treasurer, or Secretary or Assistant Secretary) may appoint Attorneys-in-Fact to act for and on behalf of the Company to sign with the Company's name and seal with the Company's seal, bonds, recognizances, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said Executive Officers at any time may remove any such appointee and revoke the power given him or her.

VOTED: The foregoing authority for certain classes of officers of the Company to appoint Attorneys-in-Fact by virtue of a Power of Attorney to sign and seal bonds, recognizances, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, as well as to revoke any such Power of Attorney, is hereby granted specifically to the following individual officers of Aspen Specialty Insurance Management, Inc.:

Michael Toppl, Executive Vice President, Scott Sadowsky, Senior Vice President, Kevin W. Gillen, Senior Vice President, Mathew Raino, Senior Vice President, Ryan Field, Senior Vice President; Timothy P. Griffin, Vice President, Casey Sullivan, Vice President, Kelth Flannery, Vice President, Mary E. Duroso, Vice President, Frank Campiglia, Vice President, Ray Philippon, Assistant Vice President and Lucas Lomax, Assistant Vice President.

This Power of Attorney may be signed and sealed by facsimile (mechanical or printed) under and by authority of the following Resolution voted by the Boards of Directors of Aspen American Insurance Company, which Resolution is now in full force and effect:

VOTED: That the signature of any of the Officers identified by title or specifically named above may be affixed by facsimile to any Power of Attorney for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any and all consents incident thereto, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company. Any such power so executed and certified by such facsimile signature and/or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking so executed.

IN WITNESS WHEREOF, Aspen American Insurance Company has caused this instrument to be signed and its corporate seal to be hereto affixed this 22nd day of February, 2019

STATE OF CONNECTICUT  
SS. ROCKY HILL  
COUNTY OF HARTFORD

Aspen American Insurance Company  
*Kevin Gillen*  
Kevin Gillen, Senior Vice President

On this 22nd day of February, 2019 before me personally came Kevin Gillen, to me known, who being by me duly sworn, did depose and say: that he/she is Senior Vice President, of Aspen American Insurance Company, the Company described in and which executed the above instrument; that he/she knows the seal of said corporation; that the seal affixed to the said instrument is such corporate seal; and that he/she executed the said instrument on behalf of the Company by authority of his/her office under the above Resolutions thereof.

*Patricia C. Taber*  
Notary Public  
My commission expires: May 31, 2021

Patricia C. Taber  
Notary Public  
State of Connecticut  
My Commission Expires May 31, 2021

**CERTIFICATE**

I, the undersigned, Kevin Gillen, of Aspen American Insurance Company, a stock corporation of the State of Texas, do hereby certify that the foregoing Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolutions of the Boards of Directors, as set forth above, are now and remain in full force and effect.

Given under my hand and seal of said Company, in Rocky Hill, Connecticut, this 11<sup>th</sup> day of April, 2019



By: *Kevin Gillen* Name: Kevin Gillen, Senior Vice President

\* For verification of the authenticity of the Power of Attorney you may call (860) 760-7728 or email: Patricia.Taber@aspen-insurance.com



### IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Aspen American Insurance Company's toll-free telephone number for information or to make a complaint at:

**1-877-245-3510**

You may also write:

Aspen American Insurance Company  
Attention: Compliance Department  
175 Capital Boulevard  
Rocky Hill, CT 06067

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

**1-800-252-3439**

You may write the Texas Department of Insurance:

P.O. Box 149104  
Austin, TX 78714-9104  
Fax: (512) 475-1771  
Web: <http://www.tdi.state.tx.us>  
E-mail: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)

#### **PREMIUM OR CLAIM DISPUTES:**

Should you have a dispute concerning your premium or about a claim you should contact the agent or the company first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

Aspen American Insurance Company  
Attn: Surety  
175 Capital Boulevard  
Rocky Hill, CT 06067

#### **ATTACH THIS NOTICE TO YOUR POLICY:**

This notice is for information only and does not become a part or condition of the attached document.

### AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de Aspen American Insurance Company para informacion o para someter una queja al:

**1-877-245-3510**

Usted tambien puede escribir:

Aspen American Insurance Company  
Attention: Compliance Department  
175 Capital Boulevard  
Rocky Hill, CT 06067

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

**1-800-252-3439**

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104  
Austin, TX 78714-9104  
Fax: (512) 475-1771  
Web: <http://www.tdi.state.tx.us>  
E-mail: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)

#### **DISPUTAS SOBRE PRIMAS O RECLAMOS:**

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el Agente o la compania primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

**UNA ESTE AVISO A SU POLIZA:** Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

**CERTIFICATE OF ACCEPTANCE**

Randy Roan Construction, Inc.  
6052 N FM 1486  
Montgomery, TX 77356

Re: Construction of The Shoppes at Montgomery Public Infrastructure  
City of Montgomery  
TIN No. 74-2063592

Gentlemen:

This is to certify that City of Montgomery accepts the subject project on the basis of the Certificate of Substantial Completion issued by our engineers, Jones|Carter, and understands that a guarantee shall cover a period of one (1) year beginning April 9, 2019.

By: \_\_\_\_\_

**Mr. Jack Yates**  
**City Administrator, City of Montgomery**

Approved by City Council on: \_\_\_\_\_

K:\W5841\W5841-1018-00 The Shoppes at Montgomery\2 Design Phase\W5841-1018-00 FINAL LETTER City of Montgomery.doc

cc: Mr. Jack Yates – City of Montgomery, City Administrator  
Ms. Susan Hensley – City of Montgomery, City Secretary  
Mr. Mike Muckleroy – City of Montgomery, Public Works Director  
Mr. Larry Foerster – Darden, Fowler and Creighton, LLP, City Attorney  
Mr. John Toic – Montgomery SH-105 Associates, LLC, Developer  
Mr. Jonathan White, PE – L<sup>2</sup> Engineering, Engineer

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 9, 2019</b>	<b>Budgeted Amount:</b>
<b>Prepared By: Jack Yates City Administrator</b>	<b>Exhibits: 2017 – 2018 Audit,</b>
<b>Date Prepared: April 4, 2019</b>	

**Subject**

This is the completed Single Audit for the City of Montgomery finances for the fiscal year 2017 – 2018.

**Description**

The audit will be presented by Darla Dear of the accounting firm of Belt Harris Pechacek (this is the second year of their three-year engagement).

All around I would say this is an excellent audit. For the approximate 3600 checks per year, plus innumerable revenue collection single payments, there are easily 30,000 separate processes/steps/approvals of proper invoices/accounting entries/account balancing/filing of checks with invoices/balancing of bank statements and policy's generated and followed such as signing of minutes, ordinance filing and properly followed, and filing of correctly signed contracts and agreements that have to go right to get such a good audit so it speaks really well, particularly for Cathy Branco (for her proper accounting) and Autumn Redman (who receives virtually every penny of the city's \$12 million per year revenue through the front cash till at her station, that she properly places a receipt account for and balances those bank deposits that are verified by Cathy) and Susan Hensley (who sees that contracts are properly signed and filed and followed).

**Recommendation**

Motion to approve the audit as presented.

**Approved By**

<b>City Administrator</b>	Jack Yates	Date: April 4, 2019
---------------------------	------------	---------------------



*ANNUAL FINANCIAL REPORT*

of the

**CITY OF MONTGOMERY, TEXAS**

For the Year Ended  
September 30, 2018

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# CITY OF MONTGOMERY, TEXAS

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September 30, 2018

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***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

To the Honorable Mayor and  
City Council Members of the  
City of Montgomery, Texas:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Montgomery, Texas (the "City") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 26, 2019

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***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***



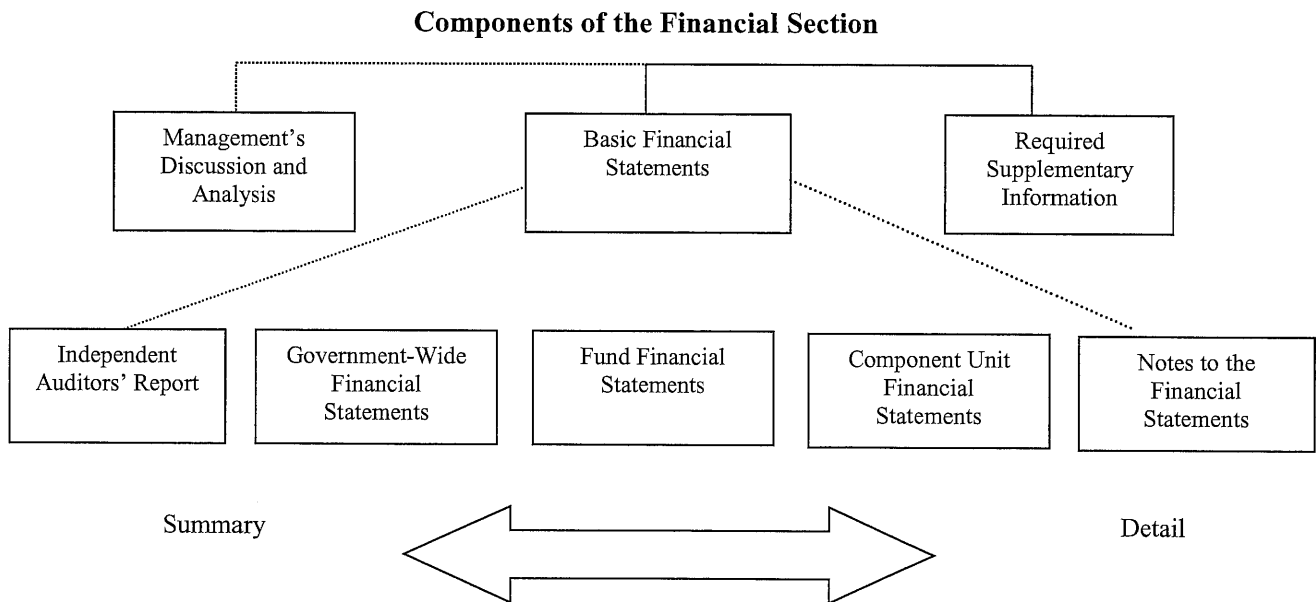
# CITY OF MONTGOMERY, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2018

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Montgomery, Texas (the "City") for the year ending September 30, 2018. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

### THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

**CITY OF MONTGOMERY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2018

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including police and fire protection, municipal court, streets, drainage, leisure services, community development, and general administrative services. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water, sewer, and sanitation services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation, the Montgomery Economic Development Corporation (MEDC), for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Public Improvement District (PID) No. 1, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund

**CITY OF MONTGOMERY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2018**

balances for the general fund, the debt service fund, the capital projects fund, and the grant fund, which are considered to be major funds for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, and the special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

**Proprietary Funds**

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water, sewer, and sanitation services. The proprietary fund financial statements provide separate information for the water, sewer, and sanitation fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

**Other Information**

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and a schedule of changes in net pension liability and related ratios and schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$9,001,871 as of September 30, 2018. A portion of the City's net position, 72%, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**CITY OF MONTGOMERY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2018

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

	September 30, 2018			
	Governmental	Business-Type	Reconciliation	Total
	Activities	Activities		Primary Government
Current and other assets	\$ 5,986,741	\$ 971,859	\$ -	\$ 6,958,600
Capital assets, net	4,871,716	7,401,438	-	12,273,154
<b>Total Assets</b>	<b>10,858,457</b>	<b>8,373,297</b>	<b>-</b>	<b>19,231,754</b>
Deferred outflows - pensions	56,331	5,154	-	61,485
Deferred charge on refunding	3,699	-	-	3,699
<b>Total Deferred Outflows of Resources</b>	<b>60,030</b>	<b>5,154</b>	<b>-</b>	<b>65,184</b>
Long-term liabilities	9,043,072	7,589	-	9,050,661
Other liabilities	1,041,747	150,644	-	1,192,391
<b>Total Liabilities</b>	<b>10,084,819</b>	<b>158,233</b>	<b>-</b>	<b>10,243,052</b>
Deferred inflows - pensions	46,962	5,053	-	52,015
<b>Total Deferred Inflows of Resources</b>	<b>46,962</b>	<b>5,053</b>	<b>-</b>	<b>52,015</b>
<b>Net Position:</b>				
Net investment in capital assets	8,063,525	7,401,438	(8,974,282)	6,490,681
Restricted	343,835	-	-	343,835
Unrestricted	(7,620,654)	813,727	8,974,282	2,167,355
<b>Total Net Position</b>	<b>\$ 786,706</b>	<b>\$ 8,215,165</b>	<b>\$ -</b>	<b>\$ 9,001,871</b>
<b>September 30, 2017</b>				
	Governmental	Business-Type	Reconciliation	Total
	Activities	Activities		Primary Government
Current and other assets	\$ 4,634,468	\$ 717,262	\$ -	\$ 5,351,730
Capital assets, net	3,695,291	7,252,610	-	10,947,901
<b>Total Assets</b>	<b>8,329,759</b>	<b>7,969,872</b>	<b>-</b>	<b>16,299,631</b>
Deferred outflows - pensions	99,623	9,192	-	108,815
Deferred charge on refunding	4,316	-	-	4,316
<b>Total Deferred Outflows of Resources</b>	<b>103,939</b>	<b>9,192</b>	<b>-</b>	<b>113,131</b>
Long-term liabilities	9,498,006	6,707	-	9,504,713
Other liabilities	461,082	160,282	-	621,364
<b>Total Liabilities</b>	<b>9,959,088</b>	<b>166,989</b>	<b>-</b>	<b>10,126,077</b>
Deferred inflows - pensions	18,905	2,285	-	21,190
<b>Total Deferred Inflows of Resources</b>	<b>18,905</b>	<b>2,285</b>	<b>-</b>	<b>21,190</b>
<b>Net Position:</b>				
Net investment in capital assets	6,293,278	7,252,610	(9,415,110)	4,130,778
Restricted	255,202	-	-	255,202
Unrestricted	(8,092,775)	557,180	9,415,110	1,879,515
<b>Total Net Position</b>	<b>\$ (1,544,295)</b>	<b>\$ 7,809,790</b>	<b>\$ -</b>	<b>\$ 6,265,495</b>



**CITY OF MONTGOMERY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

For the Year Ended September 30, 2018

A portion of the City's net position, \$343,835 or 4%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$2,167,355 or 24%, may be used to meet the City's ongoing obligation to citizens and creditors.

The City has issued and repaid debt in its governmental activities for which the proceeds were used to construct capital assets for the business-type activities. With one activity carrying the capital asset and another carrying the debt, the result is an unusual net position presentation. The City has included a reconciliation column in the Statement of Net Position adjusting the net investment in capital assets. Debt associated with governmental activities, in the amount of \$8,974,282, is being used to finance capital assets reported in business-type activities. Accordingly, this amount has been added back to unrestricted net position and deducted from net investment in capital assets in total for the primary government.

The City's total net position increased by \$2,736,376 as compared to the prior year. Deferred outflows and deferred inflows of resources related to the City's pension plans decreased compared to the prior year. Long-term liabilities decreased due to the reduction of debt during the year.

**CITY OF MONTGOMERY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2018

**Statement of Activities:**

The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 777,099	\$ 565,486	\$ 1,597,783	\$ 1,364,997	\$ 2,374,882	\$ 1,930,483
Operating grants and contributions	1,365,967	333,087	115,753	-	1,481,720	333,087
Capital grants and contributions	10,125	962,487	-	-	10,125	962,487
General revenues:						
Property taxes	827,025	701,428	-	-	827,025	701,428
Sales taxes	1,801,067	1,501,672	-	-	1,801,067	1,501,672
Other fees and taxes	136,322	90,976	-	-	136,322	90,976
Other revenues	856,094	143,009	302,933	188,853	1,159,027	331,862
<b>Total Revenues</b>	<u>5,773,699</u>	<u>4,298,145</u>	<u>2,016,469</u>	<u>1,553,850</u>	<u>7,790,168</u>	<u>5,851,995</u>
<b>Expenses</b>						
General government	655,202	750,180	-	-	655,202	750,180
Municipal court	427,661	312,643	-	-	427,661	312,643
Public safety	1,308,579	849,021	-	-	1,308,579	849,021
Public works	1,014,724	841,888	-	-	1,014,724	841,888
Interest and fiscal agent fees	240,753	413,681	-	-	240,753	413,681
Water, sewer, and sanitation	-	-	1,406,873	1,412,887	1,406,873	1,412,887
<b>Total Expenses</b>	<u>3,646,919</u>	<u>3,167,413</u>	<u>1,406,873</u>	<u>1,412,887</u>	<u>5,053,792</u>	<u>4,580,300</u>
<b>Increase in Net Position</b>						
<b>Before Transfers</b>	2,126,780	1,130,732	609,596	140,963	2,736,376	1,271,695
Transfers in (out)	204,221	165,625	(204,221)	(165,625)	-	-
<b>Change in Net Position</b>						
<b>Beginning net position</b>	(1,544,295)	(2,840,652)	7,809,790	7,834,452	6,265,495	4,993,800
<b>Ending Net Position</b>	<u>\$ 786,706</u>	<u>\$ (1,544,295)</u>	<u>\$ 8,215,165</u>	<u>\$ 7,809,790</u>	<u>\$ 9,001,871</u>	<u>\$ 6,265,495</u>

For the year ended September 30, 2018, revenues from governmental activities totaled \$5,773,699, which is an increase of \$1,475,554 from last year. This is primarily due to an increase in capital grants and contributions, along with increases in charges for services, and property and sales tax increases. The increase in property tax is due to an increase in the property valuations, and the increase in sales tax is due to improved sales within the City. Capital grants and contributions increased as a result of the Community Development Block Grant ("CDBG") and Disaster Reimbursement ("FEMA") grant program administered through the Texas Department of Agriculture ("TDA") and the Texas Department of Public Safety ("DPS"), respectively. The City also had an increase in other revenue, which was primarily due to funds received for sanitation sewer line extensions from a developer.

For the year ended September 30, 2018, expenses for governmental activities totaled \$3,646,919. General government and public works expenses decreased but were offset by increases in municipal court and public

**CITY OF MONTGOMERY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2018**

safety. The increase in expenses can be mainly attributed to expenses associated with the CDBG and FEMA grant programs administered through the TDA and the DPS, respectively.

Net position before transfers for business-type activities increased \$609,596 compared to the prior year. Revenues increased \$462,619 compared to the prior year due to an increase in charges for services, which can be attributed to the growth the City has experienced. Expenses decreased \$6,014 compared to the prior year due to controlled expenses for the City during the year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$4,803,739. Of this, \$3,481,393 is restricted for various purposes and \$56,370 is committed for public safety. The remaining balance of \$1,265,976 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$689,754 compared to the prior year, due mainly to increases in property tax revenues and sales tax revenues. Expenditures increased compared to the prior year mainly due to an increase in demand for City services.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$1,265,976. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Both unassigned and total fund balance represents 41 percent of total general fund expenditures. The general fund demonstrated an overall increase of \$10,641. Revenue increased over the prior year primarily due to increases in property and sales tax. Expenditures also increased compared to the prior year due to increases in personnel costs, group insurance, and contracted services.

The debt service fund has a total fund balance of \$276,444, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$65,678. This increase can be attributed to the increase in property taxes for the year.

The capital projects fund recorded an increase of \$594,439 in fund balance. This is primarily due to revenue received to add sanitary sewer line extensions for new businesses in connection with capital projects.

The grant fund had an increase in fund balance of \$6,717, which was due to a reimbursement from a business for a project recorded in this fund that was not reimbursed by the grant in the prior year.

**Proprietary Funds** – The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

**CITY OF MONTGOMERY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2018**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There had been a planned increase in budgeted fund balance in the amount of \$25,111 in the general fund. However, the net change in fund balance increased by \$10,641, resulting in a negative variance of \$14,470 from actual over budget.

Final budgeted revenues were more than actual general fund revenues by \$85,897 during 2018. This is mainly due to more franchise fees received than anticipated.

Actual expenditures were more than budgeted amounts by \$62,867 for the fiscal year. Expenditures were more than anticipated in public safety and public works.

**CAPITAL ASSETS**

At the end of the current fiscal year, the City's governmental and business-type activities had invested \$12,273,154 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$1,325,253.

Major capital asset events during the current year include the following:

- Infrastructure improvements
- Construction in progress

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

**LONG-TERM DEBT**

At the end of the current fiscal year, the City had total bonds and certificates of obligation outstanding of \$8,860,000. Of this amount, \$2,875,000 was general obligation debt, and tax and revenue certificates of obligation accounted for \$5,985,000.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City adopted a fiscal year 2018-2019 expenditure budget of \$3,713,779, which is an increase of \$602,387 from the prior year budget. The City budgeted for fiscal year 2018-2019 revenues of \$3,069,092, which is an increase of \$494,070 from the prior year budget. The tax rate is unchanged from the prior year, which was \$0.4155 per \$100 of taxable property value. All of these factors were considered in preparing the City's budget for the 2018-2019 fiscal year.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jack Yates, City Administrator, 101 Old Plantersville Rd., Montgomery, Texas 77316; 936-597-6434.

***BASIC FINANCIAL STATEMENTS***

# CITY OF MONTGOMERY, TEXAS

## STATEMENT OF NET POSITION

September 30, 2018

	Primary Government			
	Governmental Activities	Business-Type Activities	Reconciliation	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 4,499,018	\$ 655,136	\$ -	\$ 5,154,154
Investments	300,000	-	-	300,000
Receivables, net of allowances	1,032,317	227,713	-	1,260,030
Internal balances	20,122	(20,122)	-	-
Due from other governments	-	74	-	74
Restricted assets:				
Cash and cash equivalents	-	93,310	-	93,310
	5,851,457	956,111	-	6,807,568
Net pension asset - TMRS	135,284	15,748	-	151,032
Capital assets:				
Nondepreciable capital assets	2,067,869	281,418	-	2,349,287
Depreciable capital assets, net	2,803,847	7,120,020	-	9,923,867
	5,007,000	7,417,186	-	12,424,186
<b>Total Assets</b>	10,858,457	8,373,297	-	19,231,754
<b>Deferred Outflows of Resources</b>				
Deferred outflows - pensions	56,331	5,154	-	61,485
Deferred charge on refunding	3,699	-	-	3,699
<b>Total Deferred Outflows of Resources</b>	60,030	5,154	-	65,184
<b>Liabilities</b>				
Accounts payable and accrued liabilities	1,022,117	57,334	-	1,079,451
Accrued interest payable	18,275	-	-	18,275
Due to other units	1,355	-	-	1,355
Customer deposits	-	93,310	-	93,310
Noncurrent liabilities:				
Long-term liabilities due within one year	506,911	6,830	-	513,741
Long-term liabilities due in more than one year	8,536,161	759	-	8,536,920
<b>Total Liabilities</b>	10,084,819	158,233	-	10,243,052
<b>Deferred Inflows of Resources</b>				
Deferred inflows - pensions	46,962	5,053	-	52,015
<b>Total Deferred Inflows of Resources</b>	46,962	5,053	-	52,015
<b>Net Position</b>				
Net investment in capital assets	8,063,525	7,401,438	(8,974,282)	6,490,681
Restricted for:				
Economic development	-	-	-	-
Debt service	276,444	-	-	276,444
Tourism	11,021	-	-	11,021
Public safety	56,370	-	-	56,370
Capital projects	-	-	-	-
Permanent fund	-	-	-	-
Unrestricted	(7,620,654)	813,727	8,974,282	2,167,355
<b>Total Net Position</b>	\$ 786,706	\$ 8,215,165	\$ -	\$ 9,001,871

See Notes to Financial Statements.

**Component  
Unit**

<b>MEDC</b>	
\$	521,986
	250,000
	113,117
	-
	1,355
	-
	<u>886,458</u>
	-
	-
	-
	<u>886,458</u>
	-
	-
	-
	2,496
	-
	-
	-
	-
	-
	<u>2,496</u>
	-
	-
	-
	883,962
	-
	-
	-
	-
	-
	-
\$	<u><u>883,962</u></u>

# CITY OF MONTGOMERY, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 655,202	\$ 244,253	\$ 1,365,967	10,125
Municipal court	427,661	532,846	-	-
Public safety	1,308,579	-	-	-
Public works	1,014,724	-	-	-
Interest and fiscal agent fees	240,753	-	-	-
<b>Total Governmental Activities</b>	<b>3,646,919</b>	<b>777,099</b>	<b>1,365,967</b>	<b>10,125</b>
<b>Business-Type Activities</b>				
Water, sewer, and sanitation services	1,406,873	1,597,783	115,753	-
<b>Total Business-Type Activities</b>	<b>1,406,873</b>	<b>1,597,783</b>	<b>115,753</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 5,053,792</b>	<b>\$ 2,374,882</b>	<b>\$ 1,481,720</b>	<b>\$ 10,125</b>
<b>Component Unit</b>				
Montgomery Economic Development Corporation	\$ 508,911	\$ -	\$ -	\$ -
<b>Total Component Unit</b>	<b>\$ 508,911</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**General Revenues:**

- Property taxes
- Sales taxes
- Franchise fees and other taxes
- Other taxes
- Investment revenue
- Other revenues
- Transfers

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.



**Net Revenue (Expense) and Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>MEDC</b>
\$ 965,143	\$ -	\$ 965,143	\$ -
105,185	-	105,185	-
(1,308,579)	-	(1,308,579)	-
(1,014,724)	-	(1,014,724)	-
(240,753)	-	(240,753)	-
<u>(1,493,728)</u>	<u>-</u>	<u>(1,493,728)</u>	<u>-</u>
<u>-</u>	<u>306,663</u>	<u>306,663</u>	<u>-</u>
<u>-</u>	<u>306,663</u>	<u>306,663</u>	<u>-</u>
<u>(1,493,728)</u>	<u>306,663</u>	<u>(1,187,065)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(508,911)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(508,911)</u>
827,025	-	827,025	-
1,801,067	-	1,801,067	600,355
87,390	-	87,390	-
48,932	-	48,932	-
34,319	403	34,722	6,488
821,775	302,530	1,124,305	-
204,221	(204,221)	-	-
<u>3,824,729</u>	<u>98,712</u>	<u>3,923,441</u>	<u>606,843</u>
2,331,001	405,375	2,736,376	97,932
<u>(1,544,295)</u>	<u>7,809,790</u>	<u>6,265,495</u>	<u>786,030</u>
<u>\$ 786,706</u>	<u>\$ 8,215,165</u>	<u>\$ 9,001,871</u>	<u>\$ 883,962</u>

# CITY OF MONTGOMERY, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2018

	General	Debt Service	Capital Projects	Grant
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 692,517	\$ 276,603	\$ 3,465,576	\$ 5,818
Investments	300,000	-	-	-
Receivables, net	587,854	13,583	430,880	-
Due from other funds	182,107	-	193,352	-
<b>Total Assets</b>	<b>\$ 1,762,478</b>	<b>\$ 290,186</b>	<b>\$ 4,089,808</b>	<b>\$ 5,818</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 193,946	\$ -	\$ 739,872	\$ -
Due to other funds	195,132	159	161,826	-
Due to others	84,730	-	-	-
Due to other units	1,355	-	-	-
<b>Total Liabilities</b>	<b>475,163</b>	<b>159</b>	<b>901,698</b>	<b>-</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	10,663	13,583	-	-
<b><u>Fund Balances</u></b>				
Restricted for:				
Debt service	-	276,444	-	-
Tourism	-	-	-	-
Capital projects	-	-	3,188,110	-
Grants	-	-	-	5,818
Committed for:				
Public safety	10,676	-	-	-
Unassigned	1,265,976	-	-	-
<b>Total Fund Balances</b>	<b>1,276,652</b>	<b>276,444</b>	<b>3,188,110</b>	<b>5,818</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,762,478</b>	<b>\$ 290,186</b>	<b>\$ 4,089,808</b>	<b>\$ 5,818</b>

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total</u>
\$ 58,504	\$ 4,499,018
-	300,000
-	1,032,317
1,780	377,239
<u>\$ 60,284</u>	<u>\$ 6,208,574</u>
\$ 3,569	\$ 937,387
-	357,117
-	84,730
-	1,355
<u>3,569</u>	<u>1,380,589</u>
-	24,246
-	276,444
11,021	11,021
-	3,188,110
-	5,818
45,694	56,370
-	1,265,976
<u>56,715</u>	<u>4,803,739</u>
<u>\$ 60,284</u>	<u>\$ 6,208,574</u>

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**CITY OF MONTGOMERY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL**  
**FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
September 30, 2018

Total fund balances - total governmental funds \$ 4,803,739

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets, nondepreciable	2,067,869
Capital assets, net depreciable	2,803,847

Long-term liabilities and deferred outflows and deferred inflows related to the net pension asset are deferred in the governmental funds.

Net pension asset	135,284
Deferred outflows - pensions	56,331
Deferred inflows - pensions	(46,962)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

24,246

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest payable	(18,275)
Noncurrent liabilities due in one year	(506,911)
Noncurrent liabilities due in more than one year	(8,536,161)
Deferred charge on refunding	3,699

<b>Net Position of Governmental Activities</b>	<b>\$ 786,706</b>
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See Notes to Financial Statements.

# CITY OF MONTGOMERY, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	General	Debt Service	Capital Projects	Grant
<b>Revenues</b>				
Property taxes	\$ 406,680	\$ 420,258	\$ -	\$ -
Sales taxes	1,773,516	-	-	-
Franchise fees	87,390	-	-	-
Other taxes	47,379	-	-	-
Licenses and permits	244,253	-	-	-
Fines and forfeitures	514,540	-	-	-
Other revenue	68,611	-	746,875	6,289
Intergovernmental	-	160,000	1,205,967	10,125
Investment revenue	6,656	455	27,205	-
<b>Total Revenues</b>	3,149,025	580,713	1,980,047	16,414
<b>Expenditures</b>				
<b>Current:</b>				
General government	609,204	-	-	1,672
Municipal court	429,310	-	-	-
Public safety	987,790	-	-	-
Public works	907,962	-	-	10,125
<b>Capital outlay</b>	166,113	-	1,476,094	-
<b>Debt service:</b>				
Principal	-	435,000	-	-
Interest and fiscal agent fees	-	233,075	-	-
<b>Total Expenditures</b>	3,100,379	668,075	1,476,094	11,797
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	48,646	(87,362)	503,953	4,617
<b>Other Financing Sources (Uses)</b>				
Transfers in	3,400	153,040	196,691	2,100
Transfers (out)	(41,405)	-	(106,205)	-
<b>Total Other Financing Sources (Uses)</b>	(38,005)	153,040	90,486	2,100
<b>Net Change in Fund Balances</b>	10,641	65,678	594,439	6,717
Beginning fund balances	1,266,011	210,766	2,593,671	(899)
<b>Ending Fund Balances</b>	\$ 1,276,652	\$ 276,444	\$ 3,188,110	\$ 5,818

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total</u>
\$ -	\$ 826,938
-	1,773,516
-	87,390
1,553	48,932
-	244,253
18,306	532,846
-	821,775
-	1,376,092
3	34,319
19,862	5,746,061
-	610,876
-	429,310
4,183	991,973
-	918,087
-	1,642,207
-	435,000
-	233,075
4,183	5,260,528
15,679	485,533
-	355,231
(3,400)	(151,010)
(3,400)	204,221
12,279	689,754
44,436	4,113,985
\$ 56,715	\$ 4,803,739

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**CITY OF MONTGOMERY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - total governmental funds	\$	689,754
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		1,404,148
Depreciation expense		(227,723)
<p>The net pension asset and deferred outflows and inflows related to the net pension asset are not reported in the governmental funds.</p>		
Net pension asset		81,211
Deferred outflows - pensions		5,707
Deferred inflows - pensions		(77,056)
<p>The issuance of long-term debt (e.g., bonds and certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.</p>		
Principal payments		462,550
Compensated absences		(13,444)
Net change in deferred charges on refunding		(617)
Accrued interest		556
Premium amortization		5,828
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		87
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u><u>2,331,001</u></u></b>

See Notes to Financial Statements.



# CITY OF MONTGOMERY, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

September 30, 2018

	<b>Business-Type Activities</b>
	<b>Water, Sewer, and Sanitation</b>
<b><u>Assets</u></b>	
<b>Current assets</b>	
Cash and equity in cash and investments	\$ 655,136
Accounts receivable (net of allowance for uncollectibles)	227,713
Due from other governments	74
Restricted cash and cash equivalents	
Customer deposits	93,310
<b>Total Current Assets</b>	<b>976,233</b>
<b>Noncurrent assets</b>	
Net pension asset	15,748
Capital assets:	
Nondepreciable	281,418
Depreciable	7,120,020
<b>Total Capital Assets (Net)</b>	<b>7,401,438</b>
<b>Total Noncurrent Assets</b>	<b>7,417,186</b>
<b>Total Assets</b>	<b>8,393,419</b>
<b>Deferred Outflows of Resources</b>	
Deferred outflows - pensions	5,154
<b>Total Deferred Outflows of Resources</b>	<b>5,154</b>
<b><u>Liabilities and Net Position</u></b>	
<b>Current Liabilities</b>	
Accounts payable and accrued liabilities	57,334
Due to other funds	20,122
Compensated absences	6,830
Payable from restricted assets	
Customer deposits	93,310
<b>Total Current Liabilities</b>	<b>177,596</b>
<b>Noncurrent liabilities</b>	
Compensated absences	759
<b>Total Noncurrent Liabilities</b>	<b>759</b>
<b>Total Liabilities</b>	<b>178,355</b>
<b>Deferred Inflows of Resources</b>	
Deferred inflows - pensions	5,053
<b>Net Position</b>	
Net investment in capital assets	7,401,438
Unrestricted net position	813,727
<b>Total Net Position</b>	<b>\$ 8,215,165</b>

See Notes to Financial Statements.

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**CITY OF MONTGOMERY, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**

For the Year Ended September 30, 2018

	<b>Business-Type Activities</b>
	<b>Water, Sewer, and Sanitation</b>
<b><u>Operating Revenues</u></b>	
Water service	\$ 584,599
Sewer service	498,944
Sanitation service	121,598
Meter installations	392,642
Other revenue	302,530
	<b>Total Operating Revenues</b>
	1,900,313
<b><u>Operating Expenses</u></b>	
Water, sewer, and sanitation	869,487
Salary and wages	176,962
Depreciation	360,424
	<b>Total Operating Expenses</b>
	1,406,873
	<b>Operating Income Before Transfers</b>
	493,440
<b><u>Nonoperating Revenues (Expenses)</u></b>	
Contributed capital	115,753
Investment revenue	403
	<b>Total Nonoperating Revenues</b>
	116,156
	<b>Income Before Transfers</b>
	609,596
<b><u>Transfers</u></b>	
Transfers in	106,205
Transfers (out)	(310,426)
	<b>Total Transfers</b>
	(204,221)
	<b>Change in Net Position</b>
	405,375
Beginning net position	7,809,790
	<b>Ending Net Position</b>
	\$ 8,215,165

See Notes to Financial Statements.

# CITY OF MONTGOMERY, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2018

	<u>Business-Type Activities</u> <u>Water, Sewer, and Sanitation</u>
<b><u>Cash Flows from Operating Activities</u></b>	
Receipts from customers and users	\$ 1,878,027
Payments to suppliers	(941,655)
Payments to employees	(177,020)
	<hr/>
<b>Net Cash Provided by Operating Activities</b>	<b>759,352</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>	
Transfers from other funds	106,205
Transfer to other funds	(310,426)
Contributed capital	115,753
	<hr/>
<b>Net Cash (Used) by Noncapital Financing Activities</b>	<b>(88,468)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
<b><u>Financing Activities</u></b>	
Acquisition and construction of capital assets	(509,252)
	<hr/>
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(509,252)</b>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest on investments	403
	<hr/>
<b>Net Cash Provided by Investing Activities</b>	<b>403</b>
	<hr/>
<b>Net Change in Cash and Cash Equivalents</b>	<b>162,035</b>
Beginning cash and cash equivalents	586,411
	<hr/>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 748,446</b>
	<hr/>
<b>Ending Cash and Cash Equivalents:</b>	
Unrestricted cash and cash equivalents	\$ 655,136
Restricted cash and cash equivalents	93,310
	<hr/>
	<b>\$ 748,446</b>
	<hr/>

See Notes to Financial Statements.

# CITY OF MONTGOMERY, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2018

	<u>Business-Type Activities</u> <u>Water, Sewer, and Sanitation</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating income	\$ 493,440
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation	360,424
<b>Changes in Operating Assets and Liabilities:</b>	
<b>(Increase) Decrease in Current Assets:</b>	
Accounts receivable	(37,262)
Deferred outflows - pensions	4,038
Due from other governments	(74)
Prepays	10
Net pension asset	(7,746)
<b>Increase (Decrease) in Current Liabilities:</b>	
Accounts payable	(24,688)
Due to other funds	(47,490)
Compensated absences	882
Customer deposits	15,050
Deferred inflows - pensions	2,768
	<hr/>
<b>Net Cash Provided by Net Cash Provided by Operating Activities</b>	<b>\$ 759,352</b> <hr/> <hr/>

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# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The City of Montgomery, Texas (the “City”) was incorporated under the laws of the State of Texas in 1935.

The City operates under a “General Law” City, which provides for a “Mayor-Council” form of government. The City Council is the principal legislative body of the City. The City Administrator is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all affairs of the City. The City Administrator is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The City provides the following services: general administration; public safety; public works; and water, sewer, and sanitation services.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. Its activities are not considered a part of any other governmental or other type of reporting entity. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component units, as listed below, although legally separate, are considered part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

#### **Discretely Presented Component Unit**

##### **Montgomery Economic Development Corporation**

On December 14, 1995, the City incorporated the Montgomery Industrial Development Corporation. In July 2013, the name was changed to Montgomery Economic Development Corporation (MEDC). The purpose of this nonprofit corporation is to promote economic development within the City and the State of Texas in order to eliminate unemployment and underemployment; to promote and encourage employment and the public welfare of, for, and on behalf of the City; and for improving the assessed valuations through the promotion of (a) existing business enterprise expansion and

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

retention and (b) new business enterprise development and attraction by developing, implementing, providing and financing projects. A one-half of one percent City sales tax is designated for this purpose. Separate financial statements of the MEDC are not prepared.

The MEDC identified above is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. The City appoints a majority of this MEDC's board members and is either able to impose its will on it or a financial benefit/burden exists.

### **Blended Component Unit**

#### **Public Improvement District (PID) No. 1**

Following a public hearing on September 30, 2014, the City Council created the City of Montgomery Public Improvement District (PID) No. 1 in accordance with Chapter 372 of the Local Government Code. The PID was created to provide a method of financing certain public improvements for the benefit of property in the PID, the costs of which would be paid by owners of real property located in the PID, subject to limitations contained in the service and assessment plan. Public improvements included creation costs of the PID, as well as roadway, water distribution system, storm sewer collection system, and wastewater collection system improvements. These public improvements were funded from developer revenues before construction began. The developer will be repaid in annual installments over a fifteen-year period through assessments to the property owners in the PID, the timing of which begins after the City has issued a certificate of occupancy for completed permanent structures; however, such date shall not occur before the trigger date of September 1, 2017. The City retains the right to create a board to manage the PID, but currently retains all management capacity at year end.

### **B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

### **C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water, sewer, and sanitation functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is the City's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in other funds. The principal sources of revenues include local property taxes, sales taxes and franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, municipal court, public safety, and public works. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on all long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition of capital facilities and other capital assets. The capital projects fund is considered major for reporting purposes.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The special revenue funds include the grant fund, the hotel occupancy fund, the court security fund, the court technology fund, and the police asset forfeiture fund. The grant fund is considered a major fund for reporting purposes. The remaining special revenue funds are considered nonmajor funds for reporting purposes.

The City reports the following enterprise funds:

The *enterprise funds* are used to account for the operations that provide water, sewer, and sanitation. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water, sewer, and sanitation fund is considered a major fund for reporting purposes.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

### E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

### F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

#### 1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

#### 2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposits, are reported at cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

#### 3. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

#### 4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 years
Furniture and equipment	5 to 20 years
Vehicles	5 years
Infrastructure	20 to 40 years

### 5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as an increase to the net pension asset during the measurement period in which the contributions were made. A deferred charge has been recognized for the changes in actuarial assumptions related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category in the government-wide Statement of Net Position. A deferral is recognized as a result of differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. Another deferred charge has been recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

# **CITY OF MONTGOMERY, TEXAS**

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended September 30, 2018**

### **6. Compensated Employee Absences**

The City maintains formal programs for vacation and sick leave. The City's full-time, permanent employees are granted vacation pay benefits in varying amounts to specified maximums depending on tenure with the City. The City's personnel policy permits its full-time, permanent employees to accumulate earned but unused vacation pay benefits. Upon separation with the City, employees will be paid for their accrued and unused vacation pay benefits.

Sick leave accrues to full-time, permanent employees to specified maximums, but upon separation with the City, employees will not be paid for accumulated sick leave.

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when they are paid.

### **7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

# **CITY OF MONTGOMERY, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

For the Year Ended September 30, 2018

### **8. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **9. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### **10. Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.



# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

By resolution, the City Council has also authorized the City Administrator as the official authorized to assign fund balance to a specific purpose as approved by the City's fund balance policy. Assignments of fund balance by the City Administrator do not require formal action by the City Council.

The City strives to maintain an unassigned fund balance of not less than 25 percent of the budgeted operational expenditures in all City funds. The purpose of the unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe.

### 11. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### 12. Pensions

For the purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## G. Revenues and Expenditures/Expenses

### 1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### 2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

### 3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general, debt service, and special revenue funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the function level. No funds can be transferred or added to a budgeted item without City Council approval. Appropriations lapse at the end of the year.

### A. Expenditures in Excess of Appropriations

For the year ended September 30, 2018, expenditures exceeded appropriations at the legal level of control as follows:

General Fund		
Total expenditures		\$ 62,867
Court Security Fund		
Total expenditures		\$ 3,382

## III. DETAILED NOTES ON ALL FUNDS

### A. Deposits and Investments

As of September 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 550,000	0.36
TexPool	1,081,343	-
<b>Total</b>	<u>\$ 1,631,343</u>	
Portfolio weighted average maturity		0.13

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Credit risk.* The City's investment policy limits investments in public fund investment pools rated as to investment quality not less than "AAA" or "AAA-m", or at an equivalent rating by at least one nationally recognized rating service. Investments in U.S. Securities Exchange Commission

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

registered and regulated money market mutual funds must have an investment quality not less than “AAA-”, or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2018, the City’s investments in TexPool were rated “AAAm” by Standard & Poor’s. *Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2018, fair market values of pledged securities and FDIC coverage exceeded bank balances.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

### **TexPool**

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor’s rates TexPool ‘AAAm’. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool’s liquidity.

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

### B. Receivables

The following comprise receivable balances at year end:

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Water, Sewer, and Sanitation</b>	<b>Total</b>
Property taxes	\$ 13,855	\$ 13,583	\$ -	\$ -	\$ 27,438
Sales taxes	333,653	-	-	-	333,653
Accounts receivable	240,346	-	430,880	240,191	911,417
Less allowance	-	-	-	(12,478)	(12,478)
	\$ 587,854	\$ 13,583	\$ 430,880	\$ 227,713	\$ 1,260,030
<b>MEDC</b>					
Sales taxes	\$ 111,218				
Other receivables	1,899				
	113,117				

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

### C. Capital Assets

A summary of changes in capital assets for the year end is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>(Decreases)/ Reclassifications</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 779,570	\$ 5,000	\$ -	\$ 784,570
Construction in progress	115,753	1,283,299	(115,753)	1,283,299
Total capital assets not being depreciated	895,323	1,288,299	(115,753)	2,067,869
Other capital assets:				
Buildings and improvements	1,002,814	-	-	1,002,814
Infrastructure	2,316,300	143,336	-	2,459,636
Vehicles	777,694	81,416	-	859,110
Furniture and fixtures	410,185	6,850	-	417,035
Total other capital assets	4,506,993	231,602	-	4,738,595
Less accumulated depreciation for:				
Buildings and improvements	(449,524)	(50,140)	-	(499,664)
Infrastructure	(383,256)	(83,446)	-	(466,702)
Vehicles	(558,893)	(82,408)	-	(641,301)
Furniture and fixtures	(315,352)	(11,729)	-	(327,081)
Total accumulated depreciation	(1,707,025)	(227,723)	-	(1,934,748)
Other capital assets, net	2,799,968	3,879	-	2,803,847
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 3,695,291</b>	<b>\$ 1,292,178</b>	<b>\$ (115,753)</b>	<b>4,871,716</b>
			Plus unspent bond proceeds	3,188,110
			Plus deferred charge on refunding	3,699
			<b>Net Investment in Capital Assets</b>	<b>\$ 8,063,525</b>

Depreciation was charged to governmental functions as follows:

General government	\$ 57,257
Public safety	72,049
Public works	98,417
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 227,723</b>

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

The following is a summary of changes in capital assets for business-type activities for the year end:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 66,581	\$ -	\$ -	\$ 66,581
Construction in progress	39,357	184,088	(8,608)	214,837
Total capital assets not being depreciated	<u>105,938</u>	<u>184,088</u>	<u>(8,608)</u>	<u>281,418</u>
Other capital assets:				
Infrastructure	11,020,036	299,072	-	11,319,108
Furniture and equipment	173,642	-	-	173,642
Vehicles	102,404	34,700	-	137,104
Total other capital assets	<u>11,296,082</u>	<u>333,772</u>	<u>-</u>	<u>11,629,854</u>
Less accumulated depreciation for:				
Infrastructure	(3,901,141)	(338,262)	-	(4,239,403)
Furniture and equipment	(145,867)	(3,530)	-	(149,397)
Vehicles	(102,402)	(18,632)	-	(121,034)
Total accumulated depreciation	<u>(4,149,410)</u>	<u>(360,424)</u>	<u>-</u>	<u>(4,509,834)</u>
Other capital assets, net	<u>7,146,672</u>	<u>(26,652)</u>	<u>-</u>	<u>7,120,020</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u><u>\$ 7,252,610</u></u>	<u><u>\$ 157,436</u></u>	<u><u>\$ (8,608)</u></u>	<u><u>\$ 7,401,438</u></u>

Depreciation was charged to business-type functions as follows:

Water, sewer, and sanitation	\$ 360,424
<b>Total Business-Type Activities Depreciation Expense</b>	<u><u>\$ 360,424</u></u>

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

### D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year end. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation refunding bonds	\$ 3,060,000	\$ -	\$ (185,000)	\$ 2,875,000	\$ 190,000
Certificates of obligation	6,235,000	-	(250,000)	5,985,000	255,000
Deferred amounts:					
For issuance discounts/premiums	120,110	-	(5,828)	114,282	-
	<u>9,415,110</u>	<u>-</u>	<u>(440,828)</u>	<u>8,974,282</u> *	<u>445,000</u>
Other liabilities:					
Sales tax due to State Comptroller	27,550	-	(27,550)	-	-
Compensated absences	55,346	66,091	(52,647)	68,790	61,911
<b>Total Governmental Activities</b>	<u>\$ 9,498,006</u>	<u>\$ 66,091</u>	<u>\$ (521,025)</u>	<u>\$ 9,043,072</u>	<u>\$ 506,911</u>

**Long-term debt due in more than one year** \$ 8,536,161

**\* Debt associated with business-type assets** \$ 8,974,282

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Business-Type Activities:</b>					
Other liabilities:					
Compensated absences	\$ 6,707	\$ 6,376	\$ (5,494)	\$ 7,589	\$ 6,830
<b>Total Business-Type Activities</b>	<u>\$ 6,707</u>	<u>\$ 6,376</u>	<u>\$ (5,494)</u>	<u>\$ 7,589</u>	<u>\$ 6,830</u>

**Long-term debt due in more than one year** \$ 759

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Component Unit Activities:</b>					
Sales tax due to State Comptroller	\$ 9,184	\$ -	\$ (9,184)	\$ -	\$ -
<b>Total Component Unit</b>	<u>\$ 9,184</u>	<u>\$ -</u>	<u>\$ (9,184)</u>	<u>\$ -</u>	<u>\$ -</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The City's long-term debt includes all outstanding bonded debt secured by the full faith and credit of the City. The bonds are certificates of obligation, general obligation, and contractual obligation bonds that are secured by the full faith and credit of the City and are paid through the debt service fund from tax revenues.

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Original Balance	Current Balance
<b><u>Governmental Activities</u></b>			
<b>General Obligation Bonds</b>			
General obligation refunding bonds, series 2012	2.00-4.00%	\$ 2,830,000	\$ 2,265,000
General obligation refunding bonds, series 2015	0.85-2.80%	845,000	610,000
<b>Total General Obligation Bonds</b>		<b>3,675,000</b>	<b>2,875,000</b>
<b>Certificates of Obligation</b>			
Tax and revenue certificates of obligation, series 2012	3.00-3.50%	3,760,000	3,295,000
Tax and revenue certificates of obligation, series 2017A	0.10% - 1.6%	1,090,000	1,040,000
Tax and revenue certificates of obligation, series 2017B	0.01% - 1.9%	1,730,000	1,650,000
<b>Total Certificates of Obligation</b>		<b>6,580,000</b>	<b>5,985,000</b>
<b>Total Governmental Activities Long-Term Debt</b>		<b>\$ 10,255,000</b>	<b>\$ 8,860,000</b>



# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

The annual requirements to amortize bond and certificate debt issues outstanding at year end were as follows:

Year Ending	Governmental Activities			
	General Obligation		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2019	\$ 190,000	86,621	\$ 255,000	137,749
2020	195,000	82,653	260,000	133,920
2021	195,000	78,247	260,000	129,944
2022	200,000	73,494	265,000	125,712
2023	210,000	68,283	270,000	121,094
2024-2028	845,000	259,770	1,445,000	520,227
2029-2033	650,000	137,344	1,605,000	336,316
2034-2038	390,000	23,800	1,625,000	111,400
<b>Total</b>	<b>\$ 2,875,000</b>	<b>\$ 810,210</b>	<b>\$ 5,985,000</b>	<b>\$ 1,616,362</b>

### Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

### **E. Interfund Transactions**

The composition of due to/from balances as of year end was as follows:

Due To	Due From	Amounts
General	Water, sewer, and sanitation	\$ 20,122
Capital projects	General	193,352
General	Capital projects	161,826
General	Debt service	159
Nonmajor governmental	General	1,780
		<b>\$ 377,239</b>

Amounts recorded as due to/from are considered to be temporary loans and will generally be repaid in more than one year.

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

Transfers between the primary governmental funds during the year were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
Grant	Water and sewer	\$ 2,100
Debt Service	Water and sewer	153,040
General	Nonmajor governmental	3,400
Water and sewer	Capital projects	106,205
Capital projects	Water and sewer	155,286
Capital projects	General	41,405
		<u>\$ 461,436</u>

Amounts transferred between funds related to amounts collected by the general; capital projects; water, sewer, and sanitation; and other nonmajor governmental funds for various governmental and business-type expenditures.

### IV. OTHER INFORMATION

#### A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

#### B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

#### C. Pension Plan

##### Texas Municipal Retirement System

##### Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmr.com](http://www.tmr.com).

All eligible employees of the City are required to participate in TMRS.

### Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member’s deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	2018	2017
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

### Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to, but not yet, receiving benefits	25
Active employees	24
<b>Total</b>	<b>57</b>

### Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent,

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each entity is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.89 percent and 6.10 percent in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2018 were \$76,271 and were equal to the required contributions.

### Net Pension (Asset)

The City's Net Pension (Asset) (A) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the NP(A) was determined by an actuarial valuation as of that date.

### Actuarial Assumptions

The TPL in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109 percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. In addition, a three percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the three percent floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the EAN actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
<b>Total</b>	<u>100.00%</u>	

### Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

### Changes in the NP(A)

	Increase (Decrease)		
	Total	Plan Fiduciary	Net Pension
	Liability	Net Position	(Asset)
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 157,252	\$ -	\$ 157,252
Interest	77,769	-	77,769
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(14,363)	-	(14,363)
Changes in assumptions	-	-	-
Contributions - employer	-	68,154	(68,154)
Contributions - employee	-	80,998	(80,998)
Net investment income	-	161,340	(161,340)
Benefit payments, including refunds of employee contributions	(54,384)	(54,384)	-
Administrative expense	-	(835)	835
Other changes	-	(42)	42
<b>Net Changes</b>	<b>166,274</b>	<b>255,231</b>	<b>(88,957)</b>
Balance at December 31, 2016	1,100,699	1,162,774	(62,075)
<b>Balance at December 31, 2017</b>	<b>\$ 1,266,973</b>	<b>\$ 1,418,005</b>	<b>\$ (151,032)</b>

### Sensitivity of the NP(A) to Changes in the Discount Rate

The following presents the NP(A) of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NP(A) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	\$ 49,396	\$ (151,032)	\$ (312,650)

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

### Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2018, the City recognized net pension expense of \$65,465.

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ (14,939)
Changes in actuarial assumptions	2,518	-
Net difference between projected and actual investment earnings	-	(37,076)
Contributions subsequent to the measurement date	58,967	-
<b>Total</b>	<b>\$ 61,485</b>	<b>\$ (52,015)</b>

\$58,968 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NP(A) for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Pension Expense
2019	\$ 5,979
2020	6,949
2021	19,998
2022	16,571
2023	-
Thereafter	-
<b>Total</b>	<b>\$ 49,496</b>

### D. Tax Abatements

#### Chapter 380 Economic Development Agreements

Chapter 380 of the Texas Local Government Code, *Miscellaneous Provisions Relating to Municipal Planning and Development*, provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the municipality.

#### Sales Taxes

The City has entered into sales tax abatement agreements (the “Agreements”) with several developers as authorized by Chapter 380 of the Texas Local Government Code. Under each Agreement, the developers must meet certain commercial/retail development and/or employment requirements in order to have a portion of their sales taxes abated. The minimum limitation value varies by Agreement. Each Agreement provides for recapture in the event of material breach. The following summarizes the current Agreements:

- A group of developers intend and propose to develop property in the City’s extraterritorial jurisdiction (ETJ) for residential, commercial, and retail use. As part of the Agreement, the developers have agreed to convey to the City the Utility Extension Project (the “Project”) and submit a petition to the City to annex the property. Subject to annexation of the property

# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

and upon final completion of the Project, the City has agreed to provide a grant to the developers limited to the lesser of 70 percent of the construction costs or \$410,500. The amount of reimbursement will be paid from one percent sales and use taxes charged on the taxable sales collected by the City as generated by businesses on the property. The first monthly payment amount is due the fifteenth day following the receipt by the City of the sales and use tax funds from the State Comptroller in the first month in which sales tax revenue is first generated on the property.

- A developer will construct a new grocery retail store with approximately 124,000 square-feet (the “Development”) for the purpose of creating and/or retaining at least 144 full time equivalent employees. The City has granted the developer a tax limitation of about \$5.6 million for a period of 15 years. In order to be eligible to receive the limitation, the developer must create 52 permanent new jobs and have invested at least \$7.5 million during the construction of the Development. The City will make annual payments to the developer from sales tax revenues at an amount equal to 55 percent of annual sales tax collected at the Development paid by the City, and the MEDC will make annual payments at an amount equal to 100 percent of annual sales tax collected at the Development. Annual installments will begin the first anniversary after the grocery store opens to the public.

### Property Taxes

The City has entered into property tax abatement agreements (the “Agreements”) with several developers as authorized by Chapter 380 of the Texas Local Government Code. Under each Agreement, the developers must meet certain commercial/retail development and/or employment requirements in order to have a portion of their property taxes abated. The minimum limitation value varies by Agreement. Each Agreement provides for recapture in the event of material breach.

The following summarizes the current Agreements:

- The City has entered into a ten-year term Agreement with a developer who intends and proposed to develop property in the City for residential, commercial, and retail use. As part of the Agreement, the developer has agreed to accelerate construction of the Project and convey it to the City. Subject to annexation of the property and upon final completion of the Project, the City has agreed to provide a grant for reimbursement of the design and construction of public infrastructure to the developer in the sum of \$148,803 paid from ad valorem taxes generated from the property annexed and collected by the City above the base property tax (amount of ad valorem taxes levied and collected based on the total appraised value of the property as of January 1, 2011).
- The City entered into a ten-year term Agreement with a developer to develop property that is partially in the City and partially in the ETJ of the City for residential, commercial, and retail use. As part of the Agreement, the developer has agreed to accelerate construction of the Project and convey it to the City and to submit a petition to the City to annex the ETJ property into the City. Subject to annexation of the ETJ property and upon final completion of the Project, the City has agreed to provide a grant for reimbursement of the design and construction of public infrastructure to the developer limited to the lesser of 70 percent of the construction costs incurred, as well as up to \$12,000 for escrowed funds for the City’s engineering expenses, or \$512,000, which will be paid from ad valorem taxes generated from the property annexed and collected by the City above the base property tax (amount of



# CITY OF MONTGOMERY, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2018

ad valorem taxes levied and collected based on the total appraised value of the property as of January 1, 2008).

- The City entered into an Agreement with a developer and a school district. The developer intends and proposed to develop property that was recently annexed into the City for primarily high-density, multi-family residential use, with a limited amount of commercial and retail uses. As part of the Agreement, the developer has agreed to accelerate the construction of the Project and to convey it to the City and petition the City to annex 13.773 acres of land currently located in the ETJ of the City. Other considerations include transfers of property and facilities from the school district and the developer to the City and transfer of property from the developer to the school district. Subject to the final completion of the Project, dedication of the facilities and easements to the City, other considerations, and annexation of the ETJ, the City has agreed to provide a grant for reimbursement of the design and construction of public infrastructure to the developer limited to 100 percent of the cost to oversize utility lines and 70 percent of the remaining construction costs incurred, as well as up to \$16,000 for escrowed funds for the City's engineering expenses. The amount of reimbursement to the developer is limited to \$400,000 and will be paid from ad valorem taxes generated from the property annexed and collected by the City above the base property tax (amount of ad valorem taxes levied and collected based on the total appraised value of the property as of January 1, 2012). For the fiscal year ended September 30, 2018, the City abated property taxes totaling \$13,951 under this agreement.
- A developer will construct a new retail grocery store with approximately 124,000 square feet (the "Development") for the purpose of creating and/or retaining at least 144 full-time equivalent employees. The City has granted the developer a tax limitation of about \$5.6 million for a period of 15 years. In order to be eligible to receive the limitation, the developer must create 52 permanent new jobs and have invested at least \$7.5 million during the construction of the Development. The City will make annual payments to the developer from property tax collected by March 1 of each year that the property tax rebate is in effect. Annual installments will begin the first tax year after the grocery store opens to the public.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**CITY OF MONTGOMERY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended September 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 404,912	\$ 405,512	\$ 406,680	\$ 1,168
Sales taxes	1,810,800	1,810,800	1,773,516	(37,284)
Franchise fees	72,000	72,000	87,390	15,390
Other taxes	11,000	46,775	47,379	604
Licenses and permits	175,100	207,500	244,253	36,753
Fines and forfeitures	579,180	493,840	514,540	20,700
Other revenue	13,330	20,630	68,611	47,981
Intergovernmental	500	471	-	(471)
Investment revenue	2,270	5,600	6,656	1,056
<b>Total Revenues</b>	<u>3,069,092</u>	<u>3,063,128</u>	<u>3,149,025</u>	<u>85,897</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	555,629	710,052	609,204	100,848
Municipal court	563,340	451,922	429,310	22,612
Public safety	1,004,408	948,133	987,790	(39,657)
Public works	802,589	755,365	907,962	(152,597)
<b>Capital outlay</b>	<u>184,026</u>	<u>172,040</u>	<u>166,113</u>	<u>5,927</u>
<b>Total Expenditures</b>	<u>3,109,992</u>	<u>3,037,512</u>	<u>3,100,379</u>	<u>(62,867) *</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(40,900)</u>	<u>25,616</u>	<u>48,646</u>	<u>23,030</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	40,900	40,900	3,400	(37,500)
Transfers (out)	-	(41,405)	(41,405)	-
<b>Total Other Financing Sources (Uses)</b>	<u>40,900</u>	<u>(505)</u>	<u>(38,005)</u>	<u>(37,500)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 25,111</u>	<u>10,641</u>	<u>\$ (14,470)</u>
Beginning fund balance			<u>1,266,011</u>	
<b>Ending Fund Balance</b>			<u>\$ 1,276,652</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. \*Expenditures exceeded appropriations at the legal level of control.

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**CITY OF MONTGOMERY, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
For the Year Ended September 30, 2018

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service cost	\$ 81,979	\$ 110,914	\$ 144,267	\$ 157,252
Interest (on the total pension liability)	55,068	57,948	66,121	77,769
Difference between expected and actual experience	(54,092)	(12,311)	(1,206)	(14,363)
Changes in assumptions	-	34,004	-	-
Benefit payments, including refunds of employee contributions	(33,403)	(79,160)	(31,829)	(54,384)
<b>Net Change in Total Pension Liability</b>	<u>49,552</u>	<u>111,395</u>	<u>177,353</u>	<u>166,274</u>
Beginning total pension liability	<u>762,399</u>	<u>811,951</u>	<u>923,346</u>	<u>1,100,699</u>
<b>Ending Total Pension Liability</b>	<u>\$ 811,951</u>	<u>\$ 923,346</u>	<u>\$ 1,100,699</u>	<u>\$ 1,266,973</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 26,597	\$ 37,600	\$ 43,778	\$ 68,154
Contributions - employee	61,367	63,744	74,200	80,998
Net investment income	50,475	1,456	68,262	161,340
Benefit payments, including refunds of employee contributions	(33,403)	(79,160)	(31,829)	(54,384)
Administrative expense	(527)	(887)	(770)	(835)
Other	(43)	(44)	(41)	(42)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>104,466</u>	<u>22,709</u>	<u>153,600</u>	<u>255,231</u>
Beginning plan fiduciary net position	<u>881,999</u>	<u>986,465</u>	<u>1,009,174</u>	<u>1,162,774</u>
<b>Ending Plan Fiduciary Net Position</b>	<u>\$ 986,465</u>	<u>\$ 1,009,174</u>	<u>\$ 1,162,774</u>	<u>\$ 1,418,005</u>
<b>Net Pension (Asset)</b>	<u>\$ (174,514)</u>	<u>\$ (85,828)</u>	<u>\$ (62,075)</u>	<u>\$ (151,032)</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension (Asset)</b>	121.49%	109.30%	105.64%	111.92%
<b>Covered Payroll</b>	\$ 876,672	\$ 910,624	\$ 1,060,007	\$ 1,157,117
<b>Net Pension (Asset) as a Percentage of Covered Payroll</b>	-19.91%	-9.43%	-5.86%	-13.05%

\*Only four years of information is currently available. The City will build this schedule over the next six-year period.

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**CITY OF MONTGOMERY, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)**  
**For the Year Ended September 30, 2018**

	Fiscal Year*			
	2015	2016	2017	2018
Actuarially determined contribution	\$ 26,103	\$ 44,811	\$ 61,309	\$ 76,271
Contributions in relation to the actuarially determined contribution	26,103	44,811	61,309	76,271
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 918,710	\$ 1,085,450	\$ 1,116,575	\$ 1,260,456
Contributions as a percentage of covered payroll	2.84%	4.13%	5.49%	6.05%

\*Only four years of information is currently available. The City will build this schedule over the next six year period.

**Notes to Required Supplementary Information:**

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	10 year smoothed market, 15% soft corridor
Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

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***COMBINING STATEMENTS  
AND SCHEDULES***

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**CITY OF MONTGOMERY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**

For the Year Ended September 30, 2018

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Property taxes	\$ 416,002	\$ 420,258	\$ 4,256
Other revenue	-	160,000	160,000
Investment revenue	1,500	455	(1,045)
<b>Total Revenues</b>	417,502	580,713	163,211
<b><u>Expenditures</u></b>			
<b>Debt service:</b>			
Principal	436,021	435,000	1,021
Interest and fiscal agent fees	233,075	233,075	-
Bond issuance cost	-	-	-
<b>Total Expenditures</b>	669,096	668,075	1,021
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(251,594)	(87,362)	162,190
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	313,040	153,040	(160,000)
<b>Total Other Financing Sources</b>	313,040	153,040	(160,000)
<b>Net Change in Fund Balance</b>	\$ 61,446	65,678	\$ 4,232
Beginning fund balance		210,766	
<b>Ending Fund Balance</b>		\$ 276,444	

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# **CITY OF MONTGOMERY, TEXAS**

## ***NONMAJOR GOVERNMENTAL FUNDS***

### **SPECIAL REVENUE FUNDS**

**Special Revenue Funds** are used to account for specific revenues that are legally restricted, committed, or assigned to expenditures for particular purposes.

#### **Hotel Occupancy Fund**

This fund is used to account for hotel tax revenue from local hotels.

#### **Court Security Fund**

This fund is used to account for collection and disbursement of money used for court security.

#### **Municipal Court Technology Fund**

This fund is used to account for municipal court computer technology.

#### **Police Asset Forfeiture Fund**

This fund is used to account for revenues from seized contraband used for law enforcement purposes.

# CITY OF MONTGOMERY, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

#### Special Revenue Funds

	<u>Hotel Occupancy</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>Police Asset Forfeiture</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 11,021	\$ 6,998	\$ 34,263	\$ 6,222
Due from other funds	-	763	1,017	-
<b>Total Assets</b>	<b><u>\$ 11,021</u></b>	<b><u>\$ 7,761</u></b>	<b><u>\$ 35,280</u></b>	<b><u>\$ 6,222</u></b>
<b><u>Liabilities</u></b>				
Accounts payable	\$ -	\$ 3,569	\$ -	\$ -
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>3,569</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>Fund balances</u></b>				
Restricted for:				
Tourism	11,021	-	-	-
Public safety	-	4,192	35,280	6,222
<b>Total Fund Balances</b>	<b><u>11,021</u></b>	<b><u>4,192</u></b>	<b><u>35,280</u></b>	<b><u>6,222</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 11,021</u></b>	<b><u>\$ 7,761</u></b>	<b><u>\$ 35,280</u></b>	<b><u>\$ 6,222</u></b>



**Total Nonmajor  
Governmental  
Funds**

\$ 58,504  
1,780  
\$ 60,284

\$ 3,569  
3,569

11,021  
45,694  
56,715  
\$ 60,284

**CITY OF MONTGOMERY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2018

		<u>Special Revenue Funds</u>			
		<u>Hotel Occupancy</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>Police Asset Forfeiture</u>
<b>Revenues</b>					
Other taxes		\$ 1,553	\$ -	\$ -	\$ -
Fines and forfeitures		-	6,643	9,713	1,950
Investment revenue		-	-	3	-
	<b>Total Revenues</b>	<u>1,553</u>	<u>6,643</u>	<u>9,716</u>	<u>1,950</u>
<b>Expenditures</b>					
<b>Current:</b>					
Public safety		-	3,882	301	-
	<b>Total Expenditures</b>	<u>-</u>	<u>3,882</u>	<u>301</u>	<u>-</u>
	<b>Excess of Revenues Over Expenditures</b>	<u>1,553</u>	<u>2,761</u>	<u>9,415</u>	<u>1,950</u>
<b>Other Financing Sources (Uses)</b>					
Transfers (out)		-	(3,400)	-	-
	<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>(3,400)</u>	<u>-</u>	<u>-</u>
	<b>Net Change in Fund Balances</b>	<u>1,553</u>	<u>(639)</u>	<u>9,415</u>	<u>1,950</u>
Beginning fund balances		<u>9,468</u>	<u>4,831</u>	<u>25,865</u>	<u>4,272</u>
	<b>Ending Fund Balances</b>	<u>\$ 11,021</u>	<u>\$ 4,192</u>	<u>\$ 35,280</u>	<u>\$ 6,222</u>

**Total Nonmajor  
Governmental  
Funds**

\$ 1,553  
18,306  
3  
19,862

4,183  
4,183

15,679

(3,400)  
(3,400)

12,279  
44,436

\$ 56,715

**CITY OF MONTGOMERY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**

For the Year Ended September 30, 2018

		<u>Hotel Occupancy</u>		
		<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Other taxes		\$ 600	\$ 1,553	\$ 953
Other revenues		5	-	(5)
	<b>Total Revenues</b>	<u>605</u>	<u>1,553</u>	<u>948</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government		1,500	-	1,500
	<b>Total Expenditures</b>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
	<b>Net Change in Fund Balance</b>	<u>\$ (895)</u>	1,553	<u>\$ 2,448</u>
Beginning fund balance			<u>9,468</u>	
	<b>Ending Fund Balance</b>		<u>\$ 11,021</u>	
		<u>Court Security</u>		
		<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Fines and forfeitures		\$ 6,000	\$ 6,643	\$ 643
Investment revenue		5	-	(5)
	<b>Total Revenues</b>	<u>6,005</u>	<u>6,643</u>	<u>638</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety		500	3,882	(3,382)
	<b>Total Expenditures</b>	<u>500</u>	<u>3,882</u>	<u>(3,382) *</u>
	<b>Excess of Revenues Over Expenditures</b>	<u>5,505</u>	<u>2,761</u>	<u>(2,744)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)		(3,600)	(3,400)	200
	<b>Total Other Financing (Uses)</b>	<u>(3,600)</u>	<u>(3,400)</u>	<u>200</u>
	<b>Net Change in Fund Balance</b>	<u>\$ 1,905</u>	(639)	<u>\$ (2,544)</u>
Beginning fund balance			<u>4,831</u>	
	<b>Ending Fund Balance</b>		<u>\$ 4,192</u>	

\*Expenditures exceeded appropriations at the legal level of control.

**CITY OF MONTGOMERY, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL (Continued)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended September 30, 2018

Court Technology			
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and forfeitures	\$ 10,000	\$ 9,713	\$ (287)
Investment revenue	2	3	1
<b>Total Revenues</b>	10,002	9,716	(286)
<b>Expenditures</b>			
<b>Current:</b>			
Public safety	5,000	301	4,699
<b>Total Expenditures</b>	5,000	301	4,699
<b>Net Change in Fund Balance</b>	\$ 5,002	9,415	\$ 4,413
Beginning fund balance		25,865	
<b>Ending Fund Balance</b>		\$ 35,280	

Police Asset Forfeiture			
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Fines and forfeitures	\$ 100	\$ 1,950	\$ 1,850
<b>Total Revenues</b>	100	1,950	1,850
<b>Net Change in Fund Balance</b>	\$ 100	1,950	\$ 1,850
Beginning fund balance		4,272	
<b>Ending Fund Balance</b>		\$ 6,222	

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*SINGLE AUDIT REPORTS*

**CITY OF  
MONTGOMERY, TEXAS**

For the Year Ended  
September 30, 2018

# CITY OF MONTGOMERY, TEXAS

## SINGLE AUDIT REPORTS

September 30, 2018

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

March 26, 2019

To the Honorable Mayor and  
City Council Members of the  
City of Montgomery, Texas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Montgomery, Texas (the "City"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 26, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

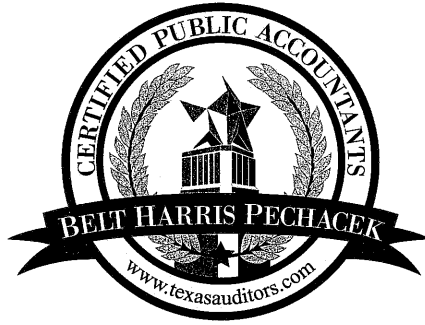
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

March 26, 2019

To the Honorable Mayor and  
City Council Members of the  
City of Montgomery, Texas:

**Report on Compliance for Each Major Federal Program**

We have audited the City of Montgomery, Texas' (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated March 26, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance

with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas

**CITY OF MONTGOMERY, TEXAS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the Year Ended September 30, 2018

***Significant Deficiency***

**2017-001. RECONCILIATION PROCESS FOR GRANT FUNDS**

**Criteria**

Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires that the schedule of expenditures of federal awards (SEFA) includes total federal awards expended for the period covered in the financial statements.

**Condition**

Several differences were noted between the expenditures reported on the SEFA for the Community Development Block Grant (“CDBG”) fund and expenditures reported on the general ledger. In addition, federal revenue in the CDBG grant fund did not reconcile to the federal expenditures reported in that fund nor on the SEFA.

**Effect**

Variances between the City’s SEFA and grantor’s records could result in significant additional time for management, grantor, and outside professionals to resolve differences.

**Cause**

The grant year end and fiscal year end are different; therefore, revenue/expenditures for multiple grant years fall into one accounting fiscal year requiring extra attention to reporting in accordance with the grantor’s requirements.

**Recommendation**

The City should closely monitor the federal expenditures and revenue recorded by fund in the general ledger, as well as the amounts reported on the SEFA. A formal reconciliation between the general ledger and SEFA should be part of the annual closing process.

**Current Status**

Management has closely monitored the federal expenditures and revenue, reconciling the general ledger to the SEFA.

**CITY OF MONTGOMERY, TEXAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended September 30, 2018

**A. SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City.
2. Material weaknesses in internal control were not disclosed by the audit of the financial statements.
3. Significant deficiencies in internal control were not disclosed by the audit of the financial statements.
4. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
5. No significant deficiencies in internal control over major federal award programs were disclosed by the audit.
6. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
7. No audit findings relative to the major federal award programs for the City are reported.
8. The programs included as major programs are:

<u>Program Title</u>	<u>CFDA</u>
Disaster Assistance	97.036

9. The threshold for distinguishing Type A and B programs was \$750,000.
10. The City did not qualify as a low-risk auditee in the context of the Uniform Guidance.

**B. FINDINGS – BASIC FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS – FEDERAL AWARDS**

None

**CITY OF MONTGOMERY, TEXAS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended September 30, 2018

<u>Department/Pass-Through Agency/Program Name</u>	<u>Program/Grant/ Project Number</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Pass-through Texas Department of Agriculture</i>			
Texas Community Development Block Grant-Capital Fund	7217037	14.228	290,181
Texas Community Development Block Grant	7215112	14.228	10,125
Texas Community Development Block Grant-Disaster Recovery	7217320	14.228	38,695
<b>Total U.S. Department of Housing and Urban Development</b>			<u>339,001</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Pass-Through Texas Department of Public Safety's Division of Emergency Management</i>			
Disaster Assistance	FEMA-4272-DR-TX	97.036	876,094
Disaster Assistance	FEMA-4332-DR-TX	97.036	997
<b>Total U.S. Department of Homeland Security</b>			<u>877,091</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 1,216,092</u></u>



# **CITY OF MONTGOMERY, TEXAS**

## ***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

**For the Year Ended September 30, 2018**

### **A. REPORTING ENTITY**

The accompanying schedule of expenditures of federal awards (“SEFA”) presents the activity of all federal financial assistance programs of the City of Montgomery, Texas.

### **B. BASIS OF ACCOUNTING**

The accompanying SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **C. INDIRECT COST RATE**

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 9, 2019</b>	<b>Budgeted Amount:</b>
<b>Prepared By: Jack Yates</b> <b>City Administrator</b>	<b>Exhibits:</b> Letter of request, Variance Request Application, Section the subdivision ordinance that requires the variance, Site Plan showing canopy location
<b>Date Prepared: April 3, 2019</b>	

**Subject**

This is to take action regarding a building line variance requested by the owners of the proposed Chick-Fil-A restaurant to be located in The Shoppes of Montgomery shopping area.

**Description**

The letter of request asked for two items, the variance to place the canopy of the drive-in window over the easement (that requires city Council action through a separate Encroachment Agreement) and a variance to build inside the 35 foot front building line. Is the variance for the canopy to extend not more than 6 feet into the front building line that is before the Council.

The canopy would be cantilevered, entering the building line by 6 feet, so that there would be a 29 foot front building line instead of the required 35 feet, However, please keep in mind that the building itself is 35 feet back from the property line which meets the 35 foot required— only the canopy that extends out from the building is the variance requested.

This item was before the Planning Commission and the Planning Commission recommends approval.

Montgomery City Council  
**AGENDA REPORT**

**Recommendation**

Motion to approved the variance as requested.

**Approved By**

City Administrator

Jack Yates

Date: April 3, 2019



Stantec Consulting Services Inc.  
70 NE Loop 410 Suite 1100, San Antonio TX 78216-5893

February 12, 2019  
File: 222011518

Administrative Exception / Variance Request Review  
City of Montgomery  
101 Old Plantersville Road  
Montgomery, TX 77316

Dear Mr. Yates,

**Reference: Chick-fil-A #4051 Montgomery Ordinance #2011-09 Section 78-90 Administrative Exception – Bldg. encroachment into both easement and bldg. setback**

Dear Mr. Yates,

Chick-fil-A is proposing a ±5000sf quality service restaurant within Reserve C in The Shoppes of Montgomery Section Subdivision. We are requesting the City of Montgomery for consideration for an administrative exception to Montgomery Ordinance #2011-09, section 78-90, building setback/easement encroachment. Specifically, to allow for a canopy overhang within the 35' building setback and within utility easement along SH 105.

The existing condition of SH 105 is a four-(4) lane variable width asphalt road with a striped median. There are no sidewalks on either side of SH 105. The property line is ±80.5ft back from the existing TxDOT road. The property is currently being redeveloped with the removal and creation of new utilities, along with flood plain revisions which established a new drainage easement. The hardship within the site is the configuration for optimal traffic and drive thru circulation. The current site plan being proposed has the building outside of the building setback; however, the drive thru canopy is within the setback/utility easement. In addition, we are bound to the drainage easement. Stores vary, but 75% of sales are typically generated thru the drive thru. The current site plan allows for 25 cars stacked in the dedicated drive thru lane and an additional 9 cars stacked within onsite drive aisles. We've looked at other configuration and none reach the same drive thru lane capacity. Based on the current the site plan, the building would be 115.5ft away from existing TxDOT edge of pavement and the canopy would be 105.9ft from edge of pavement. Both are significant distances from the TxDOT frontage.

February 12, 2019

Page 2 of 2

Reference: Chick-fil-A #4051 Montgomery Ordinance #2011-09 Section 78-90 Administrative Exception – Bldg. encroachment into both easement and bldg. setback

In our professional opinion, the proposed administrative exception / variance remains in harmony with the spirit and intent of the City of Montgomery Ordinance as it will not adversely affect the health, safety, or welfare of the public.

Regards,

**Stantec Consulting Services Inc.**



**Mike Wolf**  
Project Coordinator  
Phone: 210 714 5014  
Fax: 210 525 0529  
Mike.Wolf@stantec.com

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Design with community in mind



# Variance Request Application

City of Montgomery  
101 Old Plantersville Road  
Montgomery, Texas 77316  
(936) 597-6434

**Upon completion return application to shensley@ci.montgomery.tx.us**

### Contact Information

Property Owner(s): Montgomery SH 105 Associates, LLC

Address: 149 Colonial Road, Manchester, CN Zip Code: 06045

Email Address: \_\_\_\_\_ Phone: \_\_\_\_\_

Applicants: Chick-fil-A

Address: 70 NE Loop 410; Suite 100

Email Address: jason.link@stantec.com Phone: 210-525-9090

### Parcel Information

Property Identification Number (MCAD R#): R31299

Legal Description: Reserve C out of The Shoppes at Montgomery Section Subdivision

Street Address or Location: Intersection of Lonestar PKWY and 105

Acreage: 2.1921 Present Zoning: \_\_\_\_\_ Present Land Use: Sanitary sewer station

### Variance Request

Applicant is requesting a variance from the following:

City of Montgomery Ordinance No.: 2011-09 Section(s): 78-90

Ordinance wording as stated in Section ( 78-90 ):

Front street line. The front building line shall not be less than 25 feet from the front property line, except, where the lots face on a major street, the front building line shall not be less than 35 feet from the front property line.

Detail the variance request by comparing what the ordinance states to what the applicant is requesting:

Variance request is to allow canopy overhang into the building setback and utility easement.

**Signatures**

Owner(s) of record for the above described parcel:

Signature:  Date: 1/25/2019

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

*Note: Signatures are required for all owners of record for the property proposed for variance. Attach additional signatures on a separate sheet of paper.*

**\* Additional Information \***

The following information must also be submitted:

Cover letter on company letterhead stating what is being asked. [ ]

A site plan.

All applicable fees and payments.

The application from must be signed by the owner/applicant. If the applicant is not the owner, written authorization from the owner authorizing the applicant to submit the variance request shall be submitted.

<p><b>Date Received</b> <i>Office Use</i></p>	<p>Feb. 7, 2019 - JY</p>
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## **Sec. 78-90. - Building lines**

*(a) Front street line.* The front building line shall not be less than 25 feet from the front property line, except, where the lots face on a major street, the front building line shall not be less than 35 feet from the front property line. New commercial structures or improvements being built in the historic downtown commercial area shall refer to section 98-351.

*(b) Side street line.* The building line on the street side of corner lots shall not be less than 15 feet from the side street property line, except that, where the lots side on a major street, the building line shall not be less than 25 feet from the side street property line, and where the side of a corner lot is across the street from or adjacent to the front of other lots, the building line shall be at the same distance from the streets as the front building line of the opposite or adjacent lots.

*(c) Side and rear setbacks.* Side and rear setbacks vary depending on the zoning classification. These setbacks shall be in accordance with chapter 98. Vegetative setbacks may also apply and shall be in accordance with section 78-162.

*(d) Pipeline easements.* A 15-foot building setback line shall be provided on each side of any pipeline easement.

( Ord. No. 2011-09, § 1, 7-26-2011)

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Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 9, 2019</b>	<b>Budgeted Amount:</b>
<b>Prepared By: Jack Yates</b> City Administrator	<b>Exhibits:</b> E-mail of request, March 8 letter to Mr. Long from Jack Yates, April 12, 2018 minutes, Background information former request
<b>Date Prepared: April 3, 2019</b>	

**Subject**

This is a request from Jason long, owner of Longview Greens Miniature Golf business in the City for a time extension to pave his parking area, in place of the present gravel parking area.

**Description**

This is a continuation from the original variance granted March 14, 2017 to Mr. Long regarding his parking area.

Attached is the background information on his variance request in the past.

**Recommendation**

Motion to approve the variance for \_\_\_\_\_ period of time.

**Approved By**

City Administrator	Jack Yates	Date: April 3, 2019
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**Yates, Jack** <jyates@ci.montgomery.tx.us>

Tue, Mar 26,  
2:45 PM (8  
days ago)

to Jason

Jason, you will be on the April 9 agenda of the City Council.

Thanks,  
Jack

On Tue, Mar 26, 2019 at 2:43 PM Jason Long <[jason@longviewgreens.com](mailto:jason@longviewgreens.com)> wrote:  
Jack,

Good afternoon. In your email response below, you mentioned my being on the April 9th docket, but in your letter, you referred to today's city council meeting.



March 8, 2019

Mr. Jason Long  
735 Clepper  
Montgomery, TX 77356

Re: Parking Lot Pavement Variance  
Longview Greens Miniature Golfing Business

Dear Mr. Long

On June 12, 2018 you appeared before the City Council and received a six-month variance to allow gravel to be used as your parking surface. At that meeting the approved motion was "the variance to be approved for another six months pending Jason Long returning in stating his ability or inability to pave the parking lot". At that meeting, as requested, you provided pertinent numerical information such as sales tax revenue to the city, attendance etc., to help them make their decision. I suggest that you provide the same type of information should you request another variance.

As of today, in my observation of your property, you have not placed a hard surface on your parking area. Pursuant to the building permit terms in the variance terms your Certificate of Occupancy is withdrawn as of April 12, 2019 and you are required to cease operation of the business at the above referenced address. In the alternative, you may ask the City Council for an extension to the variance. If you desire to make such a request you will need to write me a letter asking for the City Council to consider the issue. To be on the March 26 Council meeting, I would need a written request from you on or before March 20, 2019. To be on the April 9<sup>th</sup> city Council meeting, I would need a written request from you on or before April 3, 2019.

Please feel free to contact me with any questions you may have.

Sincerely,

A handwritten signature in blue ink that reads "Jack Yates".

Jack Yates  
City Administrator

John Champagne advised a correction to the minutes, stating that where the word “ethical” is used when quoting him, and it should be “unethical.” The City Secretary advised that she would make the correction.

Jon Bickford moved to approve Consent Items 2-7. Rebecca Huss seconded the motion.

Discussion: Rebecca Huss stated that she assumed that the motion included the change to the minutes as stated by John Champagne. Jon Bickford said that was correct.

Rebecca Huss amended the motion to include the change to the minutes as stated by John Champagne as well as Mr. Yates checking on information. Rebecca Huss said that Mr. Yates comment about the R1 versus R2 for Multi-Family zoning is not actually a mistake in the minutes, as opposed to a factual error, so that does not require an amendment. Jon Bickford said that he wanted Mr. Yates to speak with the developer to make sure of the information before they spend \$18,500 they knew that they were going to be spending it on nothing.

Mayor Countryman called for a vote on the motion that they approve the Consent Agenda. The motion carried unanimously. (3-0)

**CONSIDERATION AND POSSIBLE ACTION:**

8. Consideration and possible action regarding Longview Greens Miniature Golf variance request to allow gravel to be used as a parking surface.

Mr. Yates presented the information to City Council advising that this is a continuation of the original variance granted on March 14, 2017 and then extended for six months on January 9, 2018. Mr. Yates advised that Mr. Long was present tonight.

Rebecca Huss said that she appreciated Mr. Long coming back with all the information that they requested at the last meeting because it is very helpful for her in determining what they are looking at. Rebecca Huss said that she had spoken to Mr. Long the other

day by phone and asked if he was able to determine how much an application of dust suppressant actually costs. Mr. Long said that he started looking through line items, but they rolled the cost into overall parking lot costs. Mr. Long said that he has sent a request to the contractor for the cost but has not received a response. Rebecca Huss said that it has been a gravel parking lot for quite some time and she did not know if the City has received any complaints, but said while she was out campaigning they did not have any complaints about the neighborhood golf course. Rebecca Huss said that she thought that they are good neighbors and it is a good amenity for the City and does not really seem like financially things have changed that much. Rebecca Huss said that she did not really see the point in making Mr. Long come back every six months, however she would note that she would not want it to be a permanent variance, she would prefer to have it expire if there was a change in ownership.

John Champagne said that this variance has been for a year and a half and he would not want to make it evergreen, he appreciates Mr. Long coming in every six months because things do change. John Champagne said that his hope is that Mr. Long will become so successful that paving the parking lot will just be an afterthought. John Champagne said that he would like Mr. Long to come back every six months.

John Champagne said he was not sure that he would want to reject the variance at this point. Rebecca Huss said that if they reject the variance, they are pulling the Certificate of Occupancy, which she felt was totally unacceptable. John Champagne said that Rebecca Huss eluded to a conversation and asked if there was any conversation regarding his ability to pay. Rebecca Huss said that they discussed information and referred to the sales tax numbers that show it has been a difficult spring and switching straight to summer. Jon Bickford asked if tax was charged on every person that plays a round of golf. Mr. Long said yes they were charged. John Champagne asked Rebecca Huss what in the conversation that she had with Mr. Long made her amenable to the variance. Rebecca Huss said that it did in terms of what she has been thinking about with Economic Development Corporation and talking to downtown merchants is that Montgomery needs to capitalize on the tourism aspect of growth and she felt that Mr. Long's business is an important part of getting people here and then making them stay. Rebecca Huss said that

she felt that Mr. Long is part of what we have to offer and he donates tickets or rounds of golf and refers people onto the next business to shop or eat and considers himself a local business that she sees as an asset to the community. Rebecca Huss said that she does not think that they should let a parking lot come between them.

Jon Bickford stated that the parking lot rules were in place before he decided to put a business there. Jon Bickford said that he too hopes that this business is successful and he can do something with the business. Jon Bickford said that the issue is when you start allowing variances to keep continuing then the next business that wants to come in and have a similar variance, you have to grant it again and again. Jon Bickford said then why don't we take all the ordinances out the front door and burn them, because we have variances all over the place. Jon Bickford said that at some point he feels like he does not want anything to happen to the business, but it is also not his job as a City Council Member to help keep someone in business, you have to do what is right for the City. Jon Bickford said that maybe they need to keep this going on a six month basis until they see where they are. Rebecca Huss said that she did not disagree with Jon Bickford's continuing variance problem, but on the other hand this is not a business like McCoy's or Kroger with a multi-million dollar parent company. Jon Bickford said that he totally understands business. Rebecca Huss said that this type of business actually does better with a more natural type of parking lot and in reading the past minutes that talked about a non-traditional parking surface that might actually be a better option for the natural type of business that it is. Rebecca Huss said that a traditional parking lot ordinance does not necessarily match for this use anyway. Jon Bickford said that he wants to know where this stops. Rebecca Huss said this goes back to what Dave McCorquodale had talked about several years ago, that the ordinances are the bare minimum standards. Rebecca Huss said that if you bring something to the table that is better than what the ordinance states, just because it does not fit within the rigid boundaries, does not mean they should say no if they need a variance. John Champagne said that was assuming there are not any differences in opinion as to what is a benefit to the City. John Champagne said that he would just say that Rebecca Huss has done a job keeping this parking lot gravel, which he is not against at this point, but when someone wants to open a burger place on the side of the school or next to a residential location and the traffic is going to be horrendous, what

is going to be your metric for allowing that at that point. Jon Bickford said that when the burger place gets built next to his shop and a Chick-fil-A on the other side and they say gravel is okay, so they are going to say they want gravel too. Rebecca Huss said that Mr. LeFevre wants to put a park on the other side. Jon Bickford said that he did not care about the vision he cares about what could come. John Champagne said that this is all subjective and this is why we have ordinances.

John Champagne moved that they approve this variance for another six months pending Mr. Long's return in stating his ability or inability to pave the parking lot.

Rebecca Huss asked if John Champagne would be willing to extend it for a longer period of time. John Champagne said that he would not.

Mayor Countryman asked that the motion be stated one more time. John Champagne asked the City Secretary to state the motion. Ms. Hensley advised that John Champagne moved to approve the variance for another six months pending Jason Long returning to stating the ability or inability to pave the parking lot.

Rebecca Huss asked if John Champagne was on MEDC when they voted to do the Community Center parking in precisely the same material.

Mayor Countryman asked for a second to the motion. Jon Bickford seconded the motion.

Discussion; Rebecca Huss said that she still felt that they could do better with a longer period of time for the variance given the lack of complaints from neighbors. Rebecca Huss said that she got the point, but a) they have this situation and so what they may or may not be encouraging other people to do is sort of not an argument because we already have the situation and b) they have good relationships with their neighbors and don't have any complaints about dust. John Champagne said that he was not going to debate the difference between the Community Center's parking lot and this, that aside, he asked Rebecca Huss if she believed this extends an unusual hardship for Mr. Long to do this every six months and said that the answer would be no. John Champagne said that he did

not think that it was too much to ask. Rebecca Huss said that she thought that it was unnecessary.

Mr. Foerster advised that one of the things that City Council might want to consider and he is not speaking for or against the variance, is reviewing the ordinance to see if they want to make some changes to the ordinance that would still provide the kind of amenity and surface that is needed for businesses, but might allow for some flexibility from time to time rather than addressing it time after time with variances. Jon Bickford said that he would offer to Mr. Foerster that on a larger scale there are residents north and northwest of that facility and the wind especially in the summer when everything is dry comes out of the south and southeast and blows things to the north and northwest, where there are a lot of homes with more coming. Jon Bickford said that four to six years ago the City went through a situation with the Lone Star Church. Mr. Foerster said that was before his time. Jon Bickford said that every time they had church and they let everybody out it created a dust storm and they finally had to reroute traffic because the facility was not paved. Jon Bickford said that he is not worried about one shop, one shop is okay, but they have to be fair to others because they are going to come, so if they offer it to one shop they have to offer it to more than just one shop and then all of a sudden the entire street becomes gravel. Jon Bickford said that the more shops that come in and the more gravel that they add the more dust is going to be created. Jon Bickford asked that before people buy property, please read the ordinances because if it says that your lot has to be 70 feet wide, guess what that does not mean 50 feet wide it means 70 feet, if it says you have to pave your parking lot, guess what you have to pave your parking lot. Jon Bickford said that this drives him crazy. Jon Bickford said that he appreciates what Mr. Foerster is saying, but his theory is, especially with a commercial space, they have to defend every action that they take when it comes to variances and they have to defend it not only to ourselves but to the next person that comes in, to be fair. Mr. Foerster said that all he was pointing out was that he totally agrees with Jon Bickford's concern that if we give a variance we have to justify it and make it distinct to those circumstances so that when the next person comes along they can't say "you gave a variance here, why don't you give me the same variance?" Jon Bickford said that he has not heard anything yet that would allow him to do that. Rebecca Huss said that they could easily make up something that could. Jon



Bickford said that he was not going to make up a lie or story just to pass something through. Rebecca Huss said that they could craft well intentioned variance based on revenue or patrons or something. Jon Bickford said that he was not going to craft something to be a permanent part of the City's plan going forward. Jon Bickford said that he would say that they either vote on it as is, or he honestly has thoughts of making an amendment to say we approve the variance for 30 days at a time in case somebody else comes and wants to put a business in next to that location. John Champagne requested that they get a vote on the motion.

The motion carried with a vote of 2-Ayes and 1-Nay by Rebecca Huss. (2-1)

John Champagne asked for point of order, asking if they needed three votes to pass the motion. Mr. Foerster advised that they have a quorum present of three members, so all they need is a majority vote. John Champagne said that he thought that the Mayor could go one way or the other. Mayor Countryman said that she can only break a tie vote. Mr. Foerster stated that was correct.

9. Consideration and possible action regarding authorizing Jones/Carter to perform annual water plant inspection.

Mr. Roznovsky presented the information advising that there were different options available for the inspection, one being the minimum inspection that is \$2,000 and a full mechanical and electrical inspection for \$7,500. Mr. Roznovsky advised that the last time the City had a full mechanical inspection was 2016 and there is no record of an electrical inspection for the City. Mr. Roznovsky stated that the City is at the time limit for the internal inspections of the tanks at Water Plant 2, so his recommendation is the full mechanical and electrical inspection for both facilities.

Jon Bickford asked Mr. Muckleroy, Director of Public Works, if he had a chance to review the information. Mr. Muckleroy stated that the inspection needs to be done and feels that it is a good idea and money well spent. Mr. Yates said that he did not realize that they were at the time limit. Mayor Countryman asked how often the inspections are supposed

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: June 12, 2018</b>	<b>Budgeted Amount:</b>
<b>Prepared By: Jack Yates</b> <b>City Administrator</b>	<b>Exhibits:</b> June 6, 2018 request for extension of variance, June 4, 2018 letter to Mr. Long from Jack Yates, Minutes of January 9, 2018, Background information from January 9, 2018 meeting (provides full background on the matter)
<b>Date Prepared: June 8, 2018</b>	

**Subject**

This is a request from Jason Long, owner of Longview Greens Miniature Golf business in the city for a time extension to pave his parking area, in place of the present gravel parking area.

**Description**

This is a continuation from the original variance granted March 14, 2017 to Mr. Long regarding his parking area.  
Mr. Long has submitted information requested at the January 9, 2018 meeting, if you were to come back for another variance extension

**Recommendation**

Motion to approve the variance for \_\_\_\_\_ period of time.

**Approved By**

City Administrator	Jack Yates	Date: June 8, 2018
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June 6th, 2018

**Re: Parking Lot Pavement Variance Longview Greens Miniature Golf Business**

Dear Mr. Yates,

Good day to you. I am writing you in response to a letter that was dropped off, by yourself, at my business on June 4th. The letter related to the parking lot variance that has been extended to my business, to date.

In your letter, you referenced the City Council's last commentary on the issue, from January 9<sup>th</sup>, to the effect of, "...if Mr. Long intends to come back with a request for an extension of the variance, he is to provide pertinent numerical information, such as sales tax revenue to the city, attendance, etc. to help them make their decision." This letter is an attempt to provide the City Council with the numerical information they are seeking, to help with their decision making.

Firstly, I was asked to provide the sales tax revenue. That information is provided in the table below:

<b>Sales Tax For The Month of:</b>	<b>Sales Tax Filed On:</b>	<b>Total 8.25% Sales Tax Amount:</b>	<b>\$ To State of Texas</b>	<b>\$ to City of Montgomery</b>
May-17	June-17	\$ 1,304.86	\$ 988.53	\$ 316.33
June-17	July-17	\$ 1,920.68	\$1,455.06	\$ 465.62
July-17	August-17	\$ 1,587.90	\$1,202.95	\$ 384.95
August-17	September-17	\$ 1,037.43	\$ 785.93	\$ 251.50
September-17	October-17	\$ 988.92	\$ 749.18	\$ 239.74
October-17	November-17	\$ 732.96	\$ 555.27	\$ 177.69
November-17	December-17	\$ 1,056.71	\$ 800.54	\$ 256.17
December-17	January-18	\$ 312.84	\$ 237.00	\$ 75.84
January-18	February-18	\$ 461.83	\$ 349.87	\$ 111.96
February-18	March-18	\$ 325.31	\$ 246.45	\$ 78.86
March-18	April-18	\$ 1,972.48	\$1,494.30	\$ 478.18
April-18	May-18	\$ 786.89	\$ 596.13	\$ 190.76
<b>Total:</b>		<b>\$ 12,488.81</b>	<b>\$9,461.21</b>	<b>\$ 3,027.60</b>

Since we opened on May 5<sup>th</sup>, 2017, we have sold 18,371 tickets to customers to play mini golf. Some of those folks are locals, but some of those are from neighboring municipalities, such as The Woodlands, Conroe, Magnolia, Spring, Cypress, etc. We've had people drive over an hour, just to play mini golf in

Montgomery. I've personally spoken to customers that have driven from Galveston, Huntsville, College Station and beyond, just to play our course.

A good percentage of those people are doing something else in the neighboring area, besides play mini golf. They likely eat at a Montgomery restaurant. They pump gas at a Montgomery gas station. They shop at the historic district, etc. All of that residual tax revenue, which I cannot calculate, is going to the City.

We hosted a mini golf tournament this past April 28<sup>th</sup> and 29<sup>th</sup>, for a pro putters tour. They enjoyed playing our course so much that they are going to attempt to host the State of Texas Pro Putters Championship in 2019, at our course.

We have provided numerous donations to local charities, churches and the like. We have provided a lot of local kids an opportunity at a first job and earn some spending money. We have done a lot to give folks another reason to go into Montgomery, whereas, they may have not had the need to do so, previously. We are the only 5-star reviewed business/attraction in the City (source Facebook). People nowadays, in large part, make decisions on where to spend discretionary income based on reviews. They are willing to travel further, if an establishment/business has an exceptional review rating.

I'd also like to take this time to mention a more personal side of our story – something that sales tax and ticket sales only partially explain. Most of you know that I worked very hard to bring this business to the community. My wife and I put a large part of our financial savings/retirement to make this a reality. We had never owned a mini golf course, but we've done the absolute best we can do. Not one day of this has never been easy. We constantly spend a lot of time over there to make sure it is looking/performing at its best. Even to this day, we still put in our own money into it, to when we have no other alternatives to pay for some replacement/upgrade.

City Council probably doesn't know this, but I personally pitched this to nineteen different banks. They all said "no". The twentieth bank agreed to loan us the money for construction. But, they would only advance the loan limit to a point. Money that was set aside for working capital, to fund rainy/cold days, etc. was largely compromised to complete the construction. So, when someone says, "*The City has very clear ordinances on the matter of paving parking lots. Those should have been taken into account when the funding was in place at the time of construction*", I believe they need to hear additional information to arrive at a just decision. It is true that the ordinances are very black and white. But, I'm here to state that I have put everything I possibly can to get this business open and keep it open.

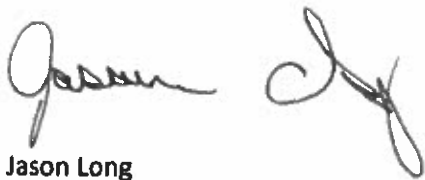
If I would have had an extra \$16,910 (the amount I was quoted to pave the parking lot), I would have. Money that is left over is used to either pay our SBA construction loan and/or replant massive swaths of dead landscaping, courtesy of our unusually frigid winter and/or overcome hardships caused by Hurricane Harvey and/or plant new flowers and/or add umbrellas/benches to provide shade to our customers and/or make investments in our business to make it more attractive to customers long term (e.g. we started selling shaved ices in April '18) is how we spend our resources. The money we make in the business goes back into the business. We are not just pulling from the business to pay ourselves, even though I wish we could.

In short, we believe we have been a tremendous asset to the community. We are very thankful for how the City has helped us, with this variance, on the parking lot. I ask that you continue to extend the

variance to our business. To date, I have never received a single complaint from any of our customers or neighbors, about our parking lot.

Even so, I am currently exploring other loans to complete this work, but I do not have that ready, at this time. I'm waiting on our accounting firm (Crowl & Associates) to complete our 2017 taxes, etc., so that I can have the necessary financial paperwork to present to banks for the loan, to do the work you are asking to have done to comply with the City's ordinances. I need more time. I understand you will want to assign a follow up date/deadline, but I'm not in position to offer any guidance on what that should be.

Regards,

A handwritten signature in black ink, appearing to read "Jason Long". The signature is written in a cursive style with a large, stylized initial "J".

Jason Long

Owner, Longview Greens Mini Golf



# CITY OF MONTGOMERY

P. O. BOX 708 MONTGOMERY, TEXAS 77356

Telephone: (936) 597-6434 / 597-6866

June 4, 2018

Mr. Jason Long  
735 Clepper  
Montgomery Texas

Re: Parking Lot Pavement Variance  
Longview Greens Miniature Golfing Business

Dear Mr. Long;

On January 9, 2018 you appeared before the City Council and received a six-month variance to allow gravel to be used as your parking surface. At that meeting the approved motion was "that they provide a six-month variance dated from the time of the expiration of the previous variance, and if Mr. Long intends to come back with a request for an extension of the variance, he is to provide pertinent numerical information, such as sales tax revenue to the city, attendance, etc., to help them make their decision." Also, specifically said in the meeting was that the variance deadline would be June 6, 2018.

As of today, in my observance of your property, you have not placed a hard surface on your parking area. Pursuant to the building permit terms and the variance terms, your Certificate of Occupancy is withdrawn as of June 7, 2018 and you are required to cease operation of the business at the above referenced address. In the alternative, you may ask the City Council for an extension to the variance. If you desire to make such a request you will need to write me a letter asking for the City Council to consider the issue. To be on the June 12th Council meeting, I would need a request from you on or before June 6, 2018. Further, I would recommend that in your request you provide the information requested in the January 9th motion that extended the variance to June 6, 2018.

Feel free to contact me with any questions you may have.

Sincerely,

A handwritten signature in cursive script that reads "Jack Yates".

Jack Yates  
City Administrator

Jon Bickford moved to reappoint MEDC Board members Cheryl Fox and Bill Hanover. Dave McCorquodale seconded the motion, the motion carried unanimously. (5-0)

12. Consideration and possible action regarding a Beverage Permit Application for Cork This! Winery located at 21123 Eva Street, Suite 100, Montgomery, Texas, and if necessary schedule a Public Hearing to be held on February 13, 2018 at 6 p.m. at City Hall.

Mr. Yates said that City Council will need to take action to approve the application. Jon Bickford asked if this was the same type of license as the previous permit. Mr. Yates advised that was correct, it was just a new owner.

Jon Bickford moved to approve the Beverage Permit Application for Cork This! Winery  
Montgomery, Texas. John Champagne seconded the

previous owner, Karla Nash, who was present, very successful and has been a big part of the City. They have the new owners that are taking it over and going on as the previous business did and will be Mayor Jones extended a welcome to the new owners. They will carry on a great existing business.

*Minutes of Jan. 9<sup>th</sup>*

13. Consideration and possible action regarding Longview Greens Miniature Golfing variance request to allow gravel to be used as a parking surface.

Mr. Yates advised that this was an extension to an existing parking surface variance given to Mr. Jason Long for Longview Greens Mini Golf on March 14, 2017 City Council Meeting, where he was granted a variance to pave the parking lot within six months of receiving his certificate of occupancy for the business. Mr. Yates stated the certificate of occupancy was issued June 7, 2017. Mr. Yates said that the business will lose its certificate of occupancy if it

is not paved. Mr. Yates said that he issued a letter to Mr. Long on December 29, 2017 stating that he had exceeded his six month time limit, Mr. Long said that he realized that but was asking for an extension. Mr. Yates said that he had advised Mr. Long that if he applied for the extension, then he would not remove his certificate of occupancy for his business until City Council had decided one way or another.

Mr. Long, who was present, advised that he was thankful that City Council has worked with him in the past to get his small business up and running, and for the variance that was issued. Mr. Long said that he does have the parking lot apron paved from Clepper to the parking lot, but the actual parking lot itself is not paved. Mr. Long asked City Council to consider extending the variance request so that he can have time to get that parking lot paved, because the cost is about \$25,000. Mayor Jones asked Mr. Long how much time he felt that he would need. Mr. Long said that he would like a full calendar year. John Champagne said that based on the past amount of business that Mr. Long has realized, he believes that 12 months would be a more appropriate request for this extension. John Champagne said that he passes by the business every day and there has not been a dust problem. Jon Bickford said that his concern was that it is not fair to do for one business and not the others, so where do they draw the line and say they are not going to give everybody 18 month extensions on paving, because then they could have a real mess. Mayor Jones said that if they do not extend the variance, then the business is shut down.

John Champagne said that this action was quite unusual for him, so he is directing this question to the City Attorney, and asked if it would be inappropriate to request an Executive Session to discuss this matter with Mr. Long at some point. Mr. Foerster said that it would be inappropriate.

Rebecca Huss said that the other item, which they had discussed before, was the discussion about possibly having MEDC partner with businesses to create a more pervious surface parking type of experience, which in some ways would be great for Mr. Long's setup, because it is a much more natural looking business. Rebecca Huss said that maybe there is another solution for the parking lot that would work really well for the City aesthetically as well as for water retention and dust elimination. Rebecca Huss said that regarding the variance, they either have to shut the business down or grant the variance, but this is a possible third variance. John



Champagne said that they have an ordinance in place that requires them to pave. Rebecca Huss said that the ordinances are in place to have minimum standards, but if someone comes in and says that they want to come in and do something that is better, but does not fit in the ordinance, that is the type of variance that she would love. John Champagne said that he was not against that, and said that there was certain technologies out there that provide a grid that contains sod and/or rock and other materials that would provide permeation for drainage.

Dave McCorquodale said that he would like a little more data and understanding about the business, and said that he was interested in the daily patrons, because that will tell them what the parking lot load is, and what he would propose is another six month extension, but that City Council would understand, prior to approval, and also said that he was not opposed to the calendar year extension, but he was thinking of it in two bites; whether there are issues with it and is there a solution where if the daily attendance is 25, don't pave 150 spaces, pave 40 or 30 spaces. Jon Bickford said that if that if followed up with a change or a variance of the ordinance that would be fine. Dave McCorquodale said he did not want to pull the certificate of occupancy, but he did want a little more information about what the exact set of perimeters that they are trying to solve. John Champagne said they are opening Pandora's Box, which is one of Jon Bickford's concerns, which is legitimate. John Champagne said that he would consider a three month variance, and they look for ways to solve the problem. Mr. Yates said that regarding Dave McCorquodale's suggestion, he felt that it might require two set ups, and maybe they pave the front half of the parking lot in the first 3-6 months, and then the other half of the parking lot in the next six months. Dave McCorquodale said that he understood the timing of the 3-6 months, but his concern was the practicality of January, February and March, with the revenue cycle. John Champagne said that he was in line with Dave McCorquodale's thoughts, but said that he just did not want the sense of urgency to go away by allowing six months, and said that he would not have a problem going another three months. John Champagne said that City Council wants to see Mr. Long succeed, so his desire, is that they do everything that they can as a body, in the perimeters allowed, to help him succeed. Mayor Jones suggested Mr. Long pave half the parking lot within the first six months, and the other half in the six months following.

Rebecca Huss moved to extend the variance for six months, and if Mr. Long comes back with a request for an extension, then he needs to come back with attendance and sales tax records

to the City, including other pertinent numbers that will help them make a decision about where they go from there.

Mr. Foerster asked for a clarification, he stated that the variance concluded in December, 2017, and asked if they were talking about six months from today's meeting. Rebecca Huss said that it would be six months from the previous expiration of the variance. Mr. Yates said that the variance expired on December 6, 2017.

John Champagne asked Rebecca Huss if she would be acceptable to an amendment to the motion that Mr. Long come back in 60 days to give City Council an update on how it is looking for him to get into compliance, and an estimated amount of time, or advise the City Administrator. Rebecca Huss said if he met with the City Administrator that would keep his private information private.

Dave McCorquodale seconded the motion. John Champagne asked about his recommended amendment to the motion. Rebecca Huss rejected the amendment to the motion. Mayor Jones asked Rebecca Huss to restate her motion.

Rebecca Huss moved that they provide a six month variance dated from the time of the expiration of the previous variance, and if Mr. Long intends to come back with a request for an extension of the variance, he is to provide pertinent numerical information, such as sales tax revenue to the City, attendance, etc., to help them make their decision. Mr. Foerster stated that he would ask that the minutes reflect that would be six months from December 6, 2017, and the variance deadline would be June 6, 2018. Rebecca Huss asked that the City Secretary note for the record that the deadline for the variance would be June 6, 2018. The City Secretary noted the addition of the date of the deadline. Dave McCorquodale stated that he had seconded the motion.

Discussion: Jon Bickford said that he would support the extension of the variance through April 6, 2018. Rebecca Huss said that if Mr. Long wants another extension, he will need to come back with numbers. Jon Bickford said that he would like to state, prior to the vote, that once again City Council should be prepared for other businesses to come in here to grant them a year to put their paving in after their building is done. Rebecca Huss said that she thought

that the time to deny the variance would have been at the very beginning as opposed to now, because she agrees, you never have more money than at the beginning. Jon Bickford said that he had tried back then, and they all said that they wanted to give him six months, and here we are again. Jon Bickford said that when Mr. Cheatham walks in and says that he doesn't want to pave his medical facility, he is going to support giving him a years' worth of mulch on it. Jon Bickford said that rules are rules, and said that builders come in to the City and say that they don't want their streets too wide, so they can't get two cars on them, and they want to keep amending things, eating away at the ordinances and the things that they are doing to try and keep the City clean and nice, but they keep making all these exceptions, so if they are doing it for one they have to do it for others, because it is not fair. Rebecca Huss said that Mr. Foerster has very specifically stated that nothing that they do here has set a precedent for the future in terms of what we are required to do. Jon Bickford said that might be the case legally, but morally he felt that it does, and he felt that they have an obligation to treat everyone fairly. Mayor Jones said that he would like to point out that the present situation is not causing a hardship or public nuisance or anything like that. Jon Bickford thanked the Mayor for the information, but said that was not his point. Mayor Jones said that Mr. Long also has to abide by the PDD. Rebecca Huss said that the variance will also have to be approved by Mr. LeFevre.

The motion carried with the following vote:

Rebecca Huss – Aye	John Champagne – Nay
Dave McCorquodale – Aye	Jon Bickford – Nay
T.J. Wilkerson - Aye	

14. Consideration and possible action regarding a Utility and Economic Feasibility Study for the 1.574 acre Walker Montgomery Community Development Corporation Baja Road Single Family Development.

Mr. Roznovsky presented the Utility and Economic Feasibility Study to City Council. Mr. Roznovsky advised that the development is currently comprised of four single family homes. Mr. Roznovsky stated that the property was already in the City limits and zoned residential. Mr. Roznovsky said that with four homes they are looking at 1,000 – 1,400 gallons of water per day, so that does not put any additional demand on the City's water system.

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: January 9, 2018</b>	<b>Budgeted Amount:</b>
<b>Department:</b>	
<p align="center"><i>Jan. 9<sup>th</sup> Information</i></p>	<p><b>Exhibits:</b></p> <ul style="list-style-type: none"> <li>-email from Mr. Long requesting an extension of variance,</li> <li>-Letter given to Mr. Long on December 29, 2017 notifying him that he had not paved the parking area and that he needs to stop his operation,</li> <li>-Building permit given to Mr. Long on March 15, 2017 with attached letter defining the terms of the occupancy,</li> <li>-The Certificate of Occupancy dated June 7, 2017,</li> <li>-March 14, 2017 minutes of Council discussion regarding the variance</li> <li>-Mr. Long's February 11, 2017 initial variance request letter,</li> <li>-Jones and Carter response regarding the initial request,</li> <li>-a proposal for the paving of the parking lot as is ( obtained by city administrator)</li> </ul>
<b>Prepared By: Jack Yates City Administrator</b>	
<b>Date Prepared: <i>January 4</i>, 2017</b>	

**Subject**

This is a request from Jason Long, owner of the Longview Greens Mini Golf business, for a extension of a six-month allowance of time to pave the parking lot business as required by ordinance.

**Description**

This is to discuss the requested and extension to a paving variance given to Mr. Long at the March 14, 2017 City Council meeting in which Mr. Long was granted a variance to pave the parking lot at his business within six months of receiving a Certificate of Occupancy. The motion by the Council at the March 14 meeting precisely was:

*"to allow a six month period following the granting of a temporary key certificate of occupancy for the paving of the parking lot in this development and at the parking lot is not paid in that time. The business will lose its right to hold a certificate of occupancy and that a dust control agent satisfactory to the city engineer be placed on the gravel of the parking area when completed in prior to opening of business."*

When I gave the letter to Mr. Long on December 29 notifying them that he had not paved the parking lot, I also told him that I would not remove the Certificate of Occupancy if he applied to the City Council for a variance for extension. He did apply about an hour later.

Attached is the building permit given to Mr. Long on March 15, 2017, with the additional sheet (made a part of the building permit) that Mr. Long signed acknowledging the terms of the Certificate of Occupancy. Mr. Long is not saying that he is not broken the variance understanding, just that he cannot afford to pave the property.

The reason I obtained a proposal for the paving was just so that you, and Mr. Long, can know the real amount of the cost of paving the parking area, and not be discussing hypothetical cost.

Montgomery City Council  
**AGENDA REPORT**

**Recommendation**

Motion to approve an additional \_\_\_\_\_ months of time to have the property paved, with no further expectation of approval by the Council and that a new treatment of dust retardant be placed on the parking area in the next thirty days with notice given to City Administrator at the time of retardant application.

**Approved By**

City Administrator	Jack Yates	Date: January 4, 2018
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Yates, Jack <jyates@ci.montgomery.tx.us>

**Re: Extended Variance Request for Longview Greens Mini Golf**

1 message

Yates, Jack <jyates@ci.montgomery.tx.us>  
To: Jason Long <jason@longviewgreens.com>

Fri, Dec 29, 2017 at 2:11 PM

Jason,, I will place you on the January 9th City Council agenda so they can hear your request. Although not required, I suggest you attend to present your case.

Jack Yates

On Fri, Dec 29, 2017 at 2:07 PM, Jason Long <jason@longviewgreens.com> wrote:

Mr. Yates,

Good afternoon as well as Merry Christmas and Happy New Year wishes to you. As requested, I'm replying, via email, to the letter you just dropped off at my place of business, Longview Greens Mini Golf.

Previously, I was granted a variance for the asphalt mandate, for my parking lot. As I expressed to the City Council then, and still adhere to now, I'm very grateful that they have worked with me and my small business to temporarily defer the costs of a paved parking lot.

With that being said, I am aware that that six month variance has since ceased. I'm currently requesting another opportunity to revisit this with City Council and ask the variance be extended.

I'm certain I will be asked "why" and the reason is actually quite simple. Cost. While I have paved the entry to the parking lot, from Clapper Street, the remainder does need to be paved to be in full compliance. To pave the remainder of my parking lot, I'm looking at approximately \$28k. That is simply not something I currently have available to me at this time for a long list of reasons.

In turn, I would like to kindly request of City Council an extension of my variance.

Regards,

Jason Long

Longview Greens Miniature Golfing



## CITY OF MONTGOMERY

P. O. BOX 708 MONTGOMERY, TEXAS 77356

Telephone: (936) 597-6434 / 597-6866

December 29, 2017

Mr. Jason Long  
735 Clepper  
Montgomery, TX 77356

Re: Parking Lot Pavement Variance  
Longview Greens Miniature Golfing Business

Dear Mr. Long

On March 14, 2017 the City Council approved a variance request from you to allow gravel as a parking surface at your Longview Greens Miniature Golfing business located inside the city limits of Montgomery. The motion read to allow six months for you to pave the parking area with a temporary certificate of occupancy for six months. On March 13, 2017 you were granted a building permit (enclosed), with an accompanying letter dated March 15, 2017 in which the variance including the six months requirement is clearly stated (enclosed) and signed adjacent to the "Accepted by" line. As of today, the parking lot has not been paved by asphalt or concrete. The date of your Certificate of Occupancy (enclosed) was June 7, 2017, the six months time has expired.

Pursuant to the building permit terms and the variance terms, your certificate of occupancy is withdrawn and you are required to cease operation of the business at the above referenced address. In the alternative you may ask the City Council for an amendment to the Variance if you desire to make such a request you will need to write me a letter asking for the City Council to reconsider the issue. To be on the January 9<sup>th</sup> meeting, I would need the request from you on or before January 3, 2018.

If please feel free to contact me.

Sincerely,

Jack Yates  
City Administrator

Hand delivered by:  
Jack Yates given to  
Jason Long at 1:50 p.m.  
December 29<sup>th</sup> at the  
735 Clepper address.  
Jack Yates



**CITY OF MONTGOMERY**

P.O. BOX 708  
 MONTGOMERY, TX 77358  
 PHONE: 936-897-8434 |  
 Permits@ci.montgomery.tx.us  
 www.montgomerytexas.gov

**CONSTRUCTION/DEMO PERMIT APPLICATION**  
 For the erection of buildings, accessories, repairs, demolition,  
 moving, etc.

Expires in 6 months (100 days)  
 Non-Transferable

DATE OF APPROVAL: 3-13-17

PERMIT NUMBER: 031-1900

Owner: Jason Long | Owner Phone #: (816) 514-0420

Contractor: James Mullen Custom Home Cont. Phone #: (936) 760-6618

Contractor Mailing Address: 804 W. Dallas St. Ste #9

City: Conroe | State: TX | Zip: 77301

Job Site Address: 735 Clepper St

Residential or Commercial Project: Commercial | Zoned: \_\_\_\_\_

Section 1/1  
Buffalo Run  
Reserve B

LOT #: \_\_\_\_\_ | BLOCK#: \_\_\_\_\_ | LOT SIZE: 1.68 acres | L.D.G. SIZE (SQ. FT.): 556 air conditioned  
289 porch  
845 total

Description of work (Including Class & Construction Types):

This lot is zoned commercial. A miniature golf course, parking lot and a 845 sq-ft club house are to be constructed.

VALUE OF TOTAL WORK: \$ 80,000 (clubhouse)

\$0 - \$1000	\$00 FLAT FEE	
\$1,001 - \$50,000	\$15.00 FOR FIRST \$1,000 + \$5.00 FOR EACH ADD'L \$1,000 OR FRACTION THEREOF	260
\$50,001 - \$100,000	\$280.00 FOR FIRST \$50,000 + \$4.00 FOR EACH ADD'L \$1,000 OR FRACTION THEREOF	120
\$100,001 - \$500,000	\$480.00 FOR FIRST \$100,000 + \$3.00 FOR EACH ADD'L \$1,000 OR FRACTION THEREOF	380
OVER \$500,001	\$1,880.00 FOR FIRST \$500,000 + \$2.00 FOR EACH ADD'L \$1,000 OR FRACTION THEREOF	
PLAN REVIEW FEE	EQUAL TO ONE-HALF OF THE PERMIT FEE WHEN VALUATION EXCEEDS \$70,000.00	

37  
 120  
 14  
 2550  
 140  
 520

**NOTICE: SEPARATE PERMITS ARE REQUIRED FOR PUBLIC UTILITIES, ELECTRICAL, PLUMBING, HEATING, VENTILATION, AIR CONDITIONING, GRADING, ALARMS, ROOFING, LANDSCAPING, FIRE SPRINKLERS AND LAWN SPRINKLERS.**

I hereby certify that I have read and examined this application and know the same to be true & correct. All provisions of law and ordinances governing this type of work will be complied with whether or not specified herein. The granting of this permit does not presume to give authority to violate or cancel the provisions of any state or local law or ordinance regulating construction or the performance of construction.

Name of Applicant: Jason Long

Applicant Signature: Jason Long

OFFICE USE ONLY

Plan Review Fee: \$ 140.00

Permit Fee: \$ 380.00

PERMIT FEE TOTAL: \$ 520.00

Accepted By: [Signature]


Issued By: Jason Long w/ attached forms:

March 15, 2017

Mr. Jason Long;

This Building Permit approval for 735 Clepper for the Longview Miniature Golf Facility is subject to the following term: A variance was granted on March 14, 2017 by the City Council to allow a six month period following the granting of a Temporary Certificate of Occupancy for the paving of the parking lot in this development and if the parking lot is not paved in that time period the business will lose its right to hold a Certificate of Occupancy and that a dust control agent satisfactory to the city engineer be placed on the gravel of the parking area when completed and prior to opening for business.

Accepted by:

  
Jason Long

# CERTIFICATE OF OCCUPANCY

*This Certificate issued pursuant to the requirements of the International Building Code certifying that at the time of issuance this structure was in compliance with the various ordinances of the Jurisdiction regulating building construction or use. For the Following:*

Group: B/A-5 Type of Construction: V

Owner of Building: JASON LONG Occupant: LONGVIEW MINI GOLF

Building Address: 735 CLEPPER

Locality: CITY OF MONTGOMERY Fire District: MONTGOMERY COUNTY ESD #2

By: RICK HANNA

Jack Yote 06/07/2017  
Building Official Date

FOSTINA CONSERVOUS PLACE

Mayor Jones asked if it was time to start thinking about water storage. Mr. Yates said that the short answer to the question was the TWDB work that the City will be doing at Well No. 3 and Well No. 2 should buy the City several more years of capacity. Mayor Jones said that the City has the volume and storage of water, they just can't get it out to the service. Mr. Yates said that was correct, but that is what the TWDB funds are for.

John Champagne asked to clarify that the hydro tank capacity maintains pressure in the system and currently it is too small. Mr. Roznovsky said that it meets the City's current demands, but based on projected development it is too small. Mayor Jones asked to confirm that the City did not need to be looking at elevated storage or another well. Mr. Yates said that was correct, plus the additional lines that will be laid, such as, the line connecting Jim's Hardware to the line west of Cedar Brake Park will increase the pressure. Mr. Yates said that the work they are going to be doing at Well No. 2 should increase the capacity of that well and the pressure on the west side of town.

Dave McCorquodale moved to accept this Utility and Economic Feasibility Study for KENROC Development. Jon Bickford seconded the motion, the motion carried unanimously. (4-0)

3. Consideration and possible action regarding Longview Greens Miniature Golfing variance request to allow gravel as a parking surface.

Mr. Yates advised that Mr. LeFevre had stated that Section 301 of the City Ordinance that conflicts with the Development Agreement would not be enforced by the City, however, he stated under the circumstances, he did not see where there would be anything that would prohibit the City from enforcing this current requirement for commercial parking.

John Champagne said that his question was, as he read the email from Mr. LeFevre, it seemed like, in the beginning, he had no jurisdiction. Mr. Foerster stated, for clarification, that the City, when the 2004 LeFevre Development Agreement was executed, did not require paving on commercial property. Mr. Foerster said that the current City ordinance

does require paving, but the question then is does the LeFevre Development Agreement require the City to be bound by Ordinances adopted in 2004. Mr. Foerster said that his reading of the Section 305 of the Development Agreement, indicates that the City is not bound by the 2004 Ordinance, because the Development Agreement, in Section 305, provides that "all private improvements must conform to City Ordinances." Mr. Foerster said that since this is a private improvement, he felt that the City has the option to granting or not granting the variance, and the option of deciding whether or not they place conditions on the action, such as, a temporary certificate of occupancy for a certain number of months, maybe even a performance bond. Mr. Foerster said that the performance bond might be cost prohibitive for the property owner.

Jon Bickford said that, in his mind, the challenge is if the parking lot is not paved now, and something happens with the business, then the parking lot will not be paved. John Champagne said that they could set parameters. Mr. Yates said that they could include in their motion to grant a six month variance that would grant a temporary certificate of occupancy, which could be withdrawn if the parking lot was not paved in six months. Jon Bickford asked what would happen if they started a business, things do not go the way they thought they would go, and by six months they have used all the cash, they can't pave the parking lot and they go out of business. Jon Bickford asked how the City can ensure that after six months the parking lot gets paved. Mr. Foerster said the only thing the City could do to make sure that was done, would be to have a performance bond. Mr. Foerster said that he did not know how much the paving was going to cost, but it will probably cost at least a few thousand for a performance bond. Mayor Jones said that he knew the City had a requirement for paving, and he thinks that is a good requirement, but the property that the City owns, at Fernland Park, is not paved, and the property north of the Community is not paved. Mayor Jones said that it would not be the end of the world if what Jon Bickford said happened and the parking lot was not paved.

John Champagne said, a couple of things, to use those two examples that the Mayor used is not apples and apples. The parking area north of the Community Center is rarely used and won't generate dust. The Fernland lot is mostly grass and does not generate a lot of

dust. John Champagne said that they are assuming that this enterprise will generate a lot of activity, parking and movement in the parking area. John Champagne said that his deal was, in this whole discussion, has there been a revenue forecast for the possible six month variance and as to where the money might come from. Mr. Yates said that he had only appeared before the Montgomery EDC Board.

John Champagne asked if the owner has presented a revenue forecast. Mr. Yates said that there was a revenue forecast presented at the Montgomery EDC Meeting. John Champagne said that obviously Montgomery EDC said it was adequate. Mr. Yates said that was correct. Mayor Jones said that they were not talking parking lots at the time. Mr. Yates said that the Montgomery EDC felt strongly enough to put \$15,000 toward the utilities for the project. John Champagne asked what the projected revenue would be for six months. Jon Bickford asked how much it is going to cost to pave the parking lot. Mr. Jason Long, owner, advised that it will cost \$30,000 to pave the parking lot. Mr. Long stated that he felt very confident that even before the six months is up, the parking lot will be paved. Mr. Long said that it was in the businesses best interest to get the lot paved, not only for the ordinance restriction, but they want customers to come and not have to deal with dust at their feet and kicking up onto cars.

Jon Bickford said that the restriction was in place when Mr. Long bought the property. Mr. Long said that at the time when he was going through construction for the site development, he was not aware of the City's Ordinance for paving the parking lot. Mr. Long said that when he created the numbers for the bank, this item was left out, because nobody caught it until it got to Jones and Carter's review. At that time, he went back to the bank to request the increase in funds for the parking lot and the bank refused the request several times.

Mayor Jones asked if the project goes belly up in four months, someone still owns the property, so somebody would still be liable to pay the amount. John Champagne said that would be the bank. Dave McCorquodale said that he did not think that the City would be granting a variance tied to the deed of the property, as much as the business itself. Jon

Bickford said that his only concern is that they have to be mindful and watch out for the City.

John Champagne moved to approve the variance for six months, with a temporary certificate of occupancy granted stating that if the parking lot is not paved in that time period the business will lose its certificate of occupancy, and a dust control agent, satisfactory to the City Engineer be placed on the gravel area when completed, and prior to business. T.J. Wilkerson seconded the motion.

Discussion: Dave McCorquodale said that he would like to use this as an example, as it feeds into some of the drainage issues that they are facing with the Buffalo Springs Bridge, and said if they can find a solution to impervious cover that is suitable for the City, which would reduce the impact of storm water runoff and would control dust and is suitable for the patrons of a business, he would be all ears. Mayor Jones said that if it would be affordable too. Dave McCorquodale said that if the owner came back in six months and said he has the data and a solution to back it up to say this is why I don't need to put asphalt or concrete down, that I can use this particular product and it is going to solve all of the issues that the pavement solved, he would be open to it.

John Champagne said that they could amend the motion, that in six months, if in fact, Mr. Jason Long comes back and gives the data that Dave McCorquodale indicates, that they would consider looking at it.

Jon Bickford said that he would like to propose one more amendment that he would be supportive of a variance extension, but it would make him feel better if there was some way that Mr. Long could deposit \$30,000 over time, within the six months, in an account, in case something does happen. John Champagne asked if Jon Bickford was thinking \$5,000 per month. Jon Bickford said maybe, or \$2,000 the first month and then build up. Mayor Jones said that was pretty tough for a startup business. Jon Bickford said that was part of starting up a business, and their job is to protect the City. Mayor Jones asked Jon Bickford if he was amending the motion. Jon Bickford said that he was asking to amend

the motion and throwing it out for conversation, otherwise, yes he would amend the motion that they collect up to \$30,000 in escrow in some way or another, prior to, and leading up to the six months. Jon Bickford said that he was not saying that it needed to be paid all at one lump sum, and then make the decision at the end of the six months.

The City Secretary, Susan Hensley, asked for clarification as to whether Jon Bickford was going to add that to the impervious cover consideration. Jon Bickford said that he was comfortable with that, if there is another way to solve the problem and they figure it out, give them the money back or whatever, in other words use the money for whatever and if he wants to pave it early, then pave it early. Jon Bickford said that all he wanted to try and do is cover the City in the event that something happens.

Mayor Jones said he wanted to address Dave McCorquodale's information, in his opinion, he did not think that it needed to be an amendment to the motion. Dave McCorquodale said that his information was just a point of discussion. Mayor Jones said that Jon Bickford is proposing an amendment to the motion. Jon Bickford said that was correct. Mayor Jones said that they were going to treat that amendment as a separate situation.

Ms. Hensley advised that John Champagne had also amended his motion. John Champagne said that he was not ready to unamend his motion. Mayor Jones said that John Champagne can propose an amendment. John Champagne advised that the Mayor was just going to do away with his amendment as suggested by Dave McCorquodale. Mayor Jones asked if they still wanted that information as part of the motion. John Champagne said that he might. Mayor Jones said that he did not know that John Champagne had amended the motion and that the amendment requires a second. Mayor Jones asked if there was a second to John Champagne's amendment. Ms. Hensley advised that there was no second. John Champagne pulled his amendment to the motion.

Mayor Jones asked to confirm that Jon Bickford was proposing an amendment to the motion. Jon Bickford stated "yes." Mayor Jones asked Jon Bickford to state the amendment.



Jon Bickford moved to amend the motion that the City collect up to \$30,000 over the six months in an escrow account to cover the cost of the paving in the event that it is not done within the period of time, grant the variance and the temporary certificate of occupancy for six months, and collect the \$30,000 in reasonable deposits on or before the six month deadline, they either have the parking lot or have an alternate solution.

Discussion: Dave McCorquodale said that he would like to ask a question. John Champagne stated that the amendment needed to be approved first. Mayor Jones said that if they want to continue to discuss the matter, they will need to get a second on the motion. Mayor Jones said if they don't want to talk about it and they don't get a second, the amendment dies for lack of second.

Dave McCorquodale said that he could not second the motion without asking his question. Mayor Jones told him to ask the question. Dave McCorquodale asked if a business would be able to get that parking lot funded any other way in six months, such as, going to a bank after six months and show them the books and ask for a loan to pave the parking lot. Dave McCorquodale said if the bank would say yes, then he did not see the need to have an escrow account if it is possible for the business to show what they have done in the last six months and ask for a loan. Dave McCorquodale said that if that is the only way to pay for a parking lot then he would second the motion. Jon Bickford said that he was not a bank professional, but he would offer that if the revenues are higher than your expenses, then a bank will be more than happy to lend you money, but if the expenses are higher than the revenue the bank probably won't loan you any more money. Jon Bickford said that the point is, you could get to the end of six months and not have any money to pave the parking lot, are they going to shut the business down, that would make a bad problem worse. Mayor Jones said that they are really trying to put two hammers on the developer. Jon Bickford said that he was not trying to put two hammers on them, he is trying to undo one and make sure that the City is covered. Dave Mc McCorquodale said that he is not seconding the amendment to the motion.

Mayor Jones asked if there was a second to the amendment to the motion. No second to the motion was stated. Mayor Jones said that the amendment to the motion dies for lack of second.

Mayor Jones said that they are now proceeding to the motion, which as stated, would allow six months with a temporary certificate of occupancy. Ms. Hensley asked if they were still doing the impervious cover. Mayor Jones said if Mr. Long shows up with that City Council will discuss that with him. Mayor Jones said that the original motion was seconded and asked if there was any further discussion or amendments. Mayor Jones then called for the vote.

The motion carried with 3-Ayes and 1-Nay vote by Jon Bickford.

4. Consideration and possible action regarding the City Engineer's Report on Buffalo Springs Road Bridge Repair.

Mr. Roznovsky presented his report to City Council. Mr. Roznovsky stated that the April and May events last year caused the Buffalo Springs Bridge to be closed. Shortly after the closure, the City had a structural engineering firm perform an analysis of the Bridge. Mr. Roznovsky said that they evaluated various options for stabilizing the slopes and protecting the bridge abutment under the bridge. Mr. Roznovsky said that the option that they are recommending is concrete slope paving, like is there today, but would be designed differently and constructed with better methods. This would also include a concrete bulkhead, instead of wood, to allow additional strength because all of the concrete slope paving was resting on the wood bulkhead. Concrete is also proposed to line the channel to provide additional strength and prevent erosion. Mr. Roznovsky said that everything will be dug out, lined and tied together. Jon Bickford asked if the channel would be lined just under the bridge. Mr. Roznovsky said that was correct, it would only be lined with concrete under the bridge, within the City's right of way.

Date: February 11, 2017

TO: Planning and Zoning Commission  
City of Montgomery  
101 Old Plantersville Road  
Montgomery, Texas 77356

ATTN: Mr. Jack Yates / Mr. Chris Roznovsky, P.E.

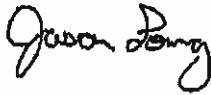
RE: Longview Greens Miniature Golfing Variance Request

Good day to you. The proposed site plan being submitted for the development of Longview Miniature Golf requires a variance due to a conflict of parking lot surface material. According to the City of Montgomery Ordinance Section 78-96 (b), the surface is required to be paved with asphalt or concrete; however, the owner is requesting a temporary allowance for his drive and parking to utilize crushed concrete. The variance justifications are as follows:

1. The property owner is proposing a family-owned small business miniature golf course. The owner is self-financing the majority of the project, and the added immediate cost of asphalt will put this project out of reach for the near future.
2. The owner will, in good faith, install the required asphalt as soon as it is feasible. The variance for a temporary allowance of this alternate surface will allow for the owner to open his business and begin to bring in revenue in order to pay for the resurfacing of the parking area.

If you have any questions or require further information prior to the meeting, please do not hesitate to call or email.

Thank you,



Jason Long

[Jason.long@commscons.com](mailto:Jason.long@commscons.com) / 815.514.0420



JONES | CARTER

8701 New Trails Drive, Suite 200  
The Woodlands, Texas 77381-4241  
Tel: 281.343.4039  
Fax: 281.343.3469  
www.jonescarter.com

February 21, 2017

The Planning and Zoning Commission  
City of Montgomery  
101 Old Plantersville Road  
Montgomery, Texas 77316

Re: Variance Request – Parking Lot and Driveway Paving Requirement  
Longview Greens Miniature Golf  
City of Montgomery

Commission Members:

Section 78-96(b) of the City of Montgomery Code of Ordinances specifies any parking lots or driveways, excluding single family residential, shall be paved in concrete or asphalt.

- The Developer is requesting a variance from the requirement that the parking surface is to be paved with asphalt or concrete due to the cost of paving.

Enclosed you will find a request for variance as submitted by the property owner, Mr. Jason Long. We offer no objection to the requested variance. However, it is important to note the unpaved parking lot has the potential to produce dust during dry periods with heavy traffic. The owner should apply a dust control agent over the unpaved areas to reduce the amount of dust produced. We would also recommend the owner be required to pave the portion of the driveway located within the right-of-way of Clepper Street to reduce the chance of dust and rocks entering the roadway. Approval of the requested variance does not constitute plan approval and only allows the Developer to further refine the proposed site plan and construction drawings which will require the full review and approval of City Staff before any construction may commence.

If you have any questions or comments, please contact, Chris Roznovsky, and or myself.

Sincerely,

Ed Shackelford, P.E.  
Engineer for the City

EHS/cvr

P:\PROJECTS\W5841 - City of Montgomery\W5841-0900-00 General Consultation\2017\PA&Z Reports\2.27.17\Longview Greens Mini Golf, Variance Request-P&Z Opinion.doc

Enclosures: Longview Greens Miniature Golf – Variance Request  
 Longview Greens Miniature Golf – Preliminary Site Plan

cc/enc: The Honorable Mayor and City Council, City of Montgomery  
 Mr. Jack Yates – City of Montgomery, City Administrator  
 Ms. Susan Hensley – City of Montgomery, City Secretary  
 Mr. Larry Foarster – Darden, Fowler & Creighton, City Attorney

John Champagne advised a correction to the minutes, stating that where the word “ethical” is used when quoting him, and it should be “unethical.” The City Secretary advised that she would make the correction.

Jon Bickford moved to approve Consent Items 2-7. Rebecca Huss seconded the motion.

Discussion: Rebecca Huss stated that she assumed that the motion included the change to the minutes as stated by John Champagne. Jon Bickford said that was correct.

Rebecca Huss amended the motion to include the change to the minutes as stated by John Champagne as well as Mr. Yates checking on information. Rebecca Huss said that Mr. Yates comment about the R1 versus R2 for Multi-Family zoning is not actually a mistake in the minutes, as opposed to a factual error, so that does not require an amendment. Jon Bickford said that he wanted Mr. Yates to speak with the developer to make sure of the information before they spend \$18,500 they knew that they were going to be spending it on nothing.

Mayor Countryman called for a vote on the motion that they approve the Consent Agenda. The motion carried unanimously. (3-0)

**CONSIDERATION AND POSSIBLE ACTION:**

8. Consideration and possible action regarding Longview Greens Miniature Golf variance request to allow gravel to be used as a parking surface.

Mr. Yates presented the information to City Council advising that this is a continuation of the original variance granted on March 14, 2017 and then extended for six months on January 9, 2018. Mr. Yates advised that Mr. Long was present tonight.

Rebecca Huss said that she appreciated Mr. Long coming back with all the information that they requested at the last meeting because it is very helpful for her in determining what they are looking at. Rebecca Huss said that she had spoken to Mr. Long the other

day by phone and asked if he was able to determine how much an application of dust suppressant actually costs. Mr. Long said that he started looking through line items, but they rolled the cost into overall parking lot costs. Mr. Long said that he has sent a request to the contractor for the cost but has not received a response. Rebecca Huss said that it has been a gravel parking lot for quite some time and she did not know if the City has received any complaints, but said while she was out campaigning they did not have any complaints about the neighborhood golf course. Rebecca Huss said that she thought that they are good neighbors and it is a good amenity for the City and does not really seem like financially things have changed that much. Rebecca Huss said that she did not really see the point in making Mr. Long come back every six months, however she would note that she would not want it to be a permanent variance, she would prefer to have it expire if there was a change in ownership.

John Champagne said that this variance has been for a year and a half and he would not want to make it evergreen, he appreciates Mr. Long coming in every six months because things do change. John Champagne said that his hope is that Mr. Long will become so successful that paving the parking lot will just be an afterthought. John Champagne said that he would like Mr. Long to come back every six months.

John Champagne said he was not sure that he would want to reject the variance at this point. Rebecca Huss said that if they reject the variance, they are pulling the Certificate of Occupancy, which she felt was totally unacceptable. John Champagne said that Rebecca Huss eluded to a conversation and asked if there was any conversation regarding his ability to pay. Rebecca Huss said that they discussed information and referred to the sales tax numbers that show it has been a difficult spring and switching straight to summer. Jon Bickford asked if tax was charged on every person that plays a round of golf. Mr. Long said yes they were charged. John Champagne asked Rebecca Huss what in the conversation that she had with Mr. Long made her amenable to the variance. Rebecca Huss said that it did in terms of what she has been thinking about with Economic Development Corporation and talking to downtown merchants is that Montgomery needs to capitalize on the tourism aspect of growth and she felt that Mr. Long's business is an important part of getting people here and then making them stay. Rebecca Huss said that

she felt that Mr. Long is part of what we have to offer and he donates tickets or rounds of golf and refers people onto the next business to shop or eat and considers himself a local business that she sees as an asset to the community. Rebecca Huss said that she does not think that they should let a parking lot come between them.

Jon Bickford stated that the parking lot rules were in place before he decided to put a business there. Jon Bickford said that he too hopes that this business is successful and he can do something with the business. Jon Bickford said that the issue is when you start allowing variances to keep continuing then the next business that wants to come in and have a similar variance, you have to grant it again and again. Jon Bickford said then why don't we take all the ordinances out the front door and burn them, because we have variances all over the place. Jon Bickford said that at some point he feels like he does not want anything to happen to the business, but it is also not his job as a City Council Member to help keep someone in business, you have to do what is right for the City. Jon Bickford said that maybe they need to keep this going on a six month basis until they see where they are. Rebecca Huss said that she did not disagree with Jon Bickford's continuing variance problem, but on the other hand this is not a business like McCoy's or Kroger with a multi-million dollar parent company. Jon Bickford said that he totally understands business. Rebecca Huss said that this type of business actually does better with a more natural type of parking lot and in reading the past minutes that talked about a non-traditional parking surface that might actually be a better option for the natural type of business that it is. Rebecca Huss said that a traditional parking lot ordinance does not necessarily match for this use anyway. Jon Bickford said that he wants to know where this stops. Rebecca Huss said this goes back to what Dave McCorquodale had talked about several years ago, that the ordinances are the bare minimum standards. Rebecca Huss said that if you bring something to the table that is better than what the ordinance states, just because it does not fit within the rigid boundaries, does not mean they should say no if they need a variance. John Champagne said that was assuming there are not any differences in opinion as to what is a benefit to the City. John Champagne said that he would just say that Rebecca Huss has done a job keeping this parking lot gravel, which he is not against at this point, but when someone wants to open a burger place on the side of the school or next to a residential location and the traffic is going to be horrendous, what

is going to be your metric for allowing that at that point. Jon Bickford said that when the burger place gets built next to his shop and a Chick-fil-A on the other side and they say gravel is okay, so they are going to say they want gravel too. Rebecca Huss said that Mr. LeFevre wants to put a park on the other side. Jon Bickford said that he did not care about the vision he cares about what could come. John Champagne said that this is all subjective and this is why we have ordinances.

John Champagne moved that they approve this variance for another six months pending Mr. Long's return in stating his ability or inability to pave the parking lot.

Rebecca Huss asked if John Champagne would be willing to extend it for a longer period of time. John Champagne said that he would not.

Mayor Countryman asked that the motion be stated one more time. John Champagne asked the City Secretary to state the motion. Ms. Hensley advised that John Champagne moved to approve the variance for another six months pending Jason Long returning to stating the ability or inability to pave the parking lot.

Rebecca Huss asked if John Champagne was on MEDC when they voted to do the Community Center parking in precisely the same material.

Mayor Countryman asked for a second to the motion. Jon Bickford seconded the motion.

Discussion; Rebecca Huss said that she still felt that they could do better with a longer period of time for the variance given the lack of complaints from neighbors. Rebecca Huss said that she got the point, but a) they have this situation and so what they may or may not be encouraging other people to do is sort of not an argument because we already have the situation and b) they have good relationships with their neighbors and don't have any complaints about dust. John Champagne said that he was not going to debate the difference between the Community Center's parking lot and this, that aside, he asked Rebecca Huss if she believed this extends an unusual hardship for Mr. Long to do this every six months and said that the answer would be no. John Champagne said that he did



not think that it was too much to ask. Rebecca Huss said that she thought that it was unnecessary.

Mr. Foerster advised that one of the things that City Council might want to consider and he is not speaking for or against the variance, is reviewing the ordinance to see if they want to make some changes to the ordinance that would still provide the kind of amenity and surface that is needed for businesses, but might allow for some flexibility from time to time rather than addressing it time after time with variances. Jon Bickford said that he would offer to Mr. Foerster that on a larger scale there are residents north and northwest of that facility and the wind especially in the summer when everything is dry comes out of the south and southeast and blows things to the north and northwest, where there are a lot of homes with more coming. Jon Bickford said that four to six years ago the City went through a situation with the Lone Star Church. Mr. Foerster said that was before his time. Jon Bickford said that every time they had church and they let everybody out it created a dust storm and they finally had to reroute traffic because the facility was not paved. Jon Bickford said that he is not worried about one shop, one shop is okay, but they have to be fair to others because they are going to come, so if they offer it to one shop they have to offer it to more than just one shop and then all of a sudden the entire street becomes gravel. Jon Bickford said that the more shops that come in and the more gravel that they add the more dust is going to be created. Jon Bickford asked that before people buy property, please read the ordinances because if it says that your lot has to be 70 feet wide, guess what that does not mean 50 feet wide it means 70 feet, if it says you have to pave your parking lot, guess what you have to pave your parking lot. Jon Bickford said that this drives him crazy. Jon Bickford said that he appreciates what Mr. Foerster is saying, but his theory is, especially with a commercial space, they have to defend every action that they take when it comes to variances and they have to defend it not only to ourselves but to the next person that comes in, to be fair. Mr. Foerster said that all he was pointing out was that he totally agrees with Jon Bickford's concern that if we give a variance we have to justify it and make it distinct to those circumstances so that when the next person comes along they can't say "you gave a variance here, why don't you give me the same variance?" Jon Bickford said that he has not heard anything yet that would allow him to do that. Rebecca Huss said that they could easily make up something that could. Jon

Bickford said that he was not going to make up a lie or story just to pass something through. Rebecca Huss said that they could craft well intentioned variance based on revenue or patrons or something. Jon Bickford said that he was not going to craft something to be a permanent part of the City's plan going forward. Jon Bickford said that he would say that they either vote on it as is, or he honestly has thoughts of making an amendment to say we approve the variance for 30 days at a time in case somebody else comes and wants to put a business in next to that location. John Champagne requested that they get a vote on the motion.

The motion carried with a vote of 2-Ayes and 1-Nay by Rebecca Huss. (2-1)

John Champagne asked for point of order, asking if they needed three votes to pass the motion. Mr. Foerster advised that they have a quorum present of three members, so all they need is a majority vote. John Champagne said that he thought that the Mayor could go one way or the other. Mayor Countryman said that she can only break a tie vote. Mr. Foerster stated that was correct.

9. Consideration and possible action regarding authorizing Jones|Carter to perform annual water plant inspection.

Mr. Roznovsky presented the information advising that there were different options available for the inspection, one being the minimum inspection that is \$2,000 and a full mechanical and electrical inspection for \$7,500. Mr. Roznovsky advised that the last time the City had a full mechanical inspection was 2016 and there is no record of an electrical inspection for the City. Mr. Roznovsky stated that the City is at the time limit for the internal inspections of the tanks at Water Plant 2, so his recommendation is the full mechanical and electrical inspection for both facilities.

Jon Bickford asked Mr. Muckleroy, Director of Public Works, if he had a chance to review the information. Mr. Muckleroy stated that the inspection needs to be done and feels that it is a good idea and money well spent. Mr. Yates said that he did not realize that they were at the time limit. Mayor Countryman asked how often the inspections are supposed

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 9, 2019</b>	<b>Budgeted Amount:</b>
<b>Prepared By: Jack Yates</b> <b>City Administrator</b>	<b>Exhibits:</b> E-mail of request, Special Use Application, Previous action on similar request, Procedure for Special Use Permit applications
<b>Date Prepared: April 3, 2019</b>	

**Subject**

This is a request for the Council to forward to the Planning Commission this request for a Special Use Permit from Candace Welsh for a microblading (placing a permanent tattoo on the eyebrows or on the eyelid) at 14375 Liberty St. (the Westmont building).

**Description**

The request is the same as was granted in May, 2016 to another applicant also located at the Westmont building. A special use permit is required because the usual qualifies as a tattoo parlor in the city zoning ordinance, and as such City Council approval was required with a recommendation from the Planning Commission.

There can be, but there is no real need, for discussion regarding this proposed use. The Council's required action is to simply forward the application on to the Planning Commission for their consideration and recommendation, and the item will come back to the Council for a final decision. On the April 23<sup>rd</sup> Council agenda will be an item setting a public hearing, that will be set in conjunction with the Planning Commission public hearing after they set their date at their April 22 meeting.

Montgomery City Council  
**AGENDA REPORT**

**Recommendation**

Motion to direct the Planning Commission to properly schedule a public hearing and to make a recommendation regarding this request for a Special Use Permit.

**Approved By**

City Administrator

Jack Yates

Date: April 3, 2019



Yates, Jack <jyates@ci.montgomery.tx.us>

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## Special use permit

1 message

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**Cory Welsh** <cory.welsh27@yahoo.com>  
To: jyates@ci.montgomery.tx.us

Fri, Mar 29, 2019 at 1:03 PM

Hello my name is Candace Welsh. I am starting up a new business called Studio C Brows. I would like to apply for a special use permit so that I may do Microblading in Montgomery. Microblading is a semi permanent technique used to enhance the eyebrows.

The location I would like to have my business is in the Westmont Building

Address

14375 Liberty St.

I plan to open my business May 1st. I would like to request to be put on the agenda. Please let me know if you have any questions.

Thank you,  
Candace Welsh

Sent from my iPhone

**CITY OF MONTGOMERY**  
P.O. BOX 708  
MONTGOMERY, TX 77356  
PHONE: 936-597-6434 FAX: 936-597-6437

**SPECIAL PERMIT APPLICATION**

Name: Candace Welsh  
Address: 20060 Big Oak  
Montgomery TX 77356  
Phone #: 713 817. 8037

Class of permit: (check one)

Temporary Structure \_\_\_\_\_  
Width \_\_\_\_\_ height \_\_\_\_\_  
Special Use  \_\_\_\_\_  
Misc. \_\_\_\_\_  
Burn \_\_\_\_\_

Length of time requested? 1 YR.

Full description of merchandise to be sold:

Semi-permanent cosmetic makeup  
microblading / shading

Signature of Applicant Candace Welsh

Date of Application 4/3/2019

Approved/City Employee \_\_\_\_\_

Special Use Permit for microblading , 2016 for Michelle Martin

March 28 Agenda Item listing:

Discuss/take action regarding setting a Public Hearing for 14375 Liberty Street regarding a Special Use Permit as a tattoo parlor

Notes from March 28, 2016 meeting

Setting a public hearing for 14375 Liberty St. Special Use Permit as a tattoo parlor -- I have been requested by Michelle Martin to ask you to set a public hearing date for her requested zoning use that requires City Council approval. Her requested use is a beauty salon that will also include permanent eyebrow tattoos ( a tattoo state license is required)-- according to the zoning ordinance the City Council must give permission for the use, with a report from the Planning Commission.

Note: a Special Use Permit will be written that can provide that the only tattooing on the site can be for eyebrows

MONDAY, APRIL 25, 2016, 6:00 P.M.

Setting a public hearing for 14375 Liberty St. Special Use Permit as a tattoo parlor -- I have been requested by Michelle Martin to ask you to set a public hearing date for her requested zoning use that requires City Council approval. Her requested use is a beauty salon that will also include permanent eyebrow tattoos ( a tattoo state license is required)-- according to the zoning ordinance the City Council must give permission for the use, with a report from the Planning Commission.

Note: a Special Use Permit will be written that can provide that the only tattooing on the site can be for eyebrows.

April 25, 2016 Pl. Comm. meeting notes

Item #5 Discuss/take action regarding special use permit to Michele Martin for a special use permit at 14 375 Liberty Street as a tattoo parlor— in your packet is a proposed special use permit ordinance. In the ordinance it states the street address, the person specifically getting the permit, requirements of safety standards, and has a five-year term to the Special Use Permit.

The staff recommends a favorable recommendation to the City Council. Planning Commission recommends Special Use Permit.

City Council held public hearing on May 10, 2016 and approved the Special Use Permit to Michele Martin on page 14 of May 10, minutes.

See May 10, 2016 agenda packet for p. 8 Final Report of Pl. Comm. to Council on subject, p. 42 is Special Use Permit Ordinance.

Recollection is that Ms. Martin never came to pick up the SUP Ordinance and that we simply did not hear back from her.

**Procedure for Special Use Permit Application:**

1. **Application** – Written application is submitted by the property owner stating the description of the property use along with the request for a Special Use Permit. The applicant will pay \$500 permit fee to determine property ownership for notice and legal cost for preparation of associated documents.

2. **Procedure for Special Use Permit:**

- Request from property owner is submitted to City Council for review, and if determined appropriate, forwarded to the Planning and Zoning Commission.

- Planning and Zoning Commission schedules a Public Hearing to be held after legal notice and notice by mail:

- § Legal Notice in the City's official newspaper (Conroe Courier), published one time at least 15 days prior to the public hearing; and

- § Legal Notice by mail to all property owners within 200 feet of the property, as indicated by the most recently approved municipal tax roll, requesting the Special Use Permit at least 10 days prior to the public hearing. The property owner will provide information detailing the property owners within the 200 feet.

This information regarding the surrounding property owners will be obtained and provided by the applicant. To obtain this information, please contact the Montgomery County Tax Office at 400 N. San Jacinto Street, Conroe, TX 77301 and (936) 539-7897. <http://www.mctx.org>.

- The **Planning and Zoning Commission will conduct the Public Hearing** and prepare the Final Report for submittal to City Council.

- The **City Council will conduct a Public Hearing** after receiving the **required Final Report from the Planning and Zoning Commission**, and legal notice and notice by mail as follows:

- § Legal Notice in the City's official newspaper (Conroe Courier), published one time at least 15 days prior to the public hearing; and

- § Legal Notice by mail to all property owners within 200 feet of the property, as indicated by the most recently approved municipal tax roll, requesting the Special Use Permit at least 10 days prior to the .

- City Council will then take official action on the Special Use Permit. The amendment, supplement or change shall not become effective except by a three-fourths vote by City Council. The City Attorney will prepare the ordinance for consideration and adoption by City Council.

- If approved, City Council will adopt an Ordinance stating the specific information regarding the Special Use Permit.

- The Special Use Permit can be revoked by the City for noncompliance with the specific requirements of the permit.

- The Special Use Permit can also have an expiration and/or renewal as provided by City Council.



Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 9, 2019</b>	<b>Budgeted Amount:</b>
<b>Department: Administrative</b>	
<b>Prepared By: Susan Hensley, City Secretary</b>	<b>Exhibits: Beverage Permit Application Pack</b>
<b>Date Prepared: April 5, 2019</b>	

**Subject**

Application by Wine & Design located at 202 McCown Street, Montgomery for an On-Premise Wine and Beer Retailer's Permit as submitted by Janderson Holdings, LLC.

**Recommendation**



Approval of the Wine and Beer Retailer's Permit On-Premise Beverage Permit Application for Wine & Design located at 202 McCown Street, Montgomery, as submitted by Janderson Holdings, LLC.

**Discussion**

The Montgomery Code of Ordinances states the following:

***City Code - Sec. 6-33.** – Approval of license application by City Council. After all the requirements for a license application under the provisions of this article have been met as determined by the City Administrator, the application shall be presented to the City Council for approval at a public meeting.*

**Approved By**

City Secretary	Susan Hensley, City Secretary 	Date: April 5, 2019
City Administrator	Jack Yates, City Administrator 	Date: April 5, 2019

Gerald Franklin Agency  
2525 North Loop West, Ste 275  
Houston, TX 77008  
713-868-0068  
agurka@geraldfranklinagency.com

April 1, 2019

Attn: Susan Hensley  
City of Montgomery  
101 Old Plantation Rd.  
Montgomery, TX 77316

RE: Wine & Design Montgomery

Enclosed, please find information for a client looking to obtain a Wine and Beer Retailer's Permit for their design/art and sip studio. If possible, please advise further information regarding the council meeting date and time in order that the client may be notified.

Janderson Holdings, LLC  
Wine & Design Montgomery  
202 McCown Street  
Montgomery, TX 77356

If any further information is needed, please do hesitate to contact me.

Thank you.



Angela Gurka  
Gerald Franklin Agency



City of Montgomery
Alcohol Beverage
License Application

City of Montgomery, Texas
P.O. Box 708
Montgomery, Texas 77356
936-597-3288
www.montgomerytexas.gov

APPLICATION FOR THE SALE OF ALCOHOLIC BEVERAGE LICENSE

Date Received by the City: \_\_\_\_\_

1. Type of Alcoholic Beverage License: (attach completed TABC Application Form)

- (1) Category A - Off Premises Consumption Sale of All Alcoholic Beverages - Package Store
(2) Category B - Off Premises Consumption Sale of Wine, Beer or Ale.
(3) Category C - Off Premises Consumption Sale of Beer.
X (4) Category D - On Premises Consumption Sale of Beer, Wine and Mixed beverages - Restaurant or Cafe, where the sale of beer, wine and mixed beverage on the premises would be incidental to the restaurant or cafe.
(5) Category E - On Premises Consumption Sale of Beer, Wine and Mixed beverages - Tavern, Lounge, or Bar. The sale of Beer, Wine and Mixed beverages for On-Premises Consumption being the principal business line.
(6) Category F - Warehouse storage of Beer, Wine or Liquor for Distributors - No sale of Beer for on or Off-Premises Consumption permitted on the Premises.

2. Legal Description of the property for which License is sought. (Either by Lot and Block number or by a Metes and Bounds Description: Tract 1, 0.3007 Acre, John Corner Survey, A-8, Montgomery TX

3. Exact Nature of the Business to be operated. (Must be fully described in cover letter on company letterhead).

4. Attach a Plat of the property to the Application showing the improvements, parking areas, location of signage and other structures on the property and within three hundred (300) feet to scale.

5. Description of signs and the hours they will be operated to be attached as a separate document.

6. Attach floor plan of the building in which the business is to be conducted (showing fixtures, furniture, restrooms, kitchen and other equipment).

7. Attach a verified statement stating that the building is not within three hundred (300) feet of a church, school or hospital and that the building is in compliance with the requirements of this chapter for separate and adequate toilet facilities for men and women if used for on-premises consumption of beer, liquor or wine. This can be included in cover letter.

8. Business Owner: Rachel L. Anderson Phone: 281-723-3357
Address: 202 McCown St., Ste A, Montgomery, TX 77356
Home Address: 194 Jaxxon Pointe Dr., Montgomery TX 77316 Phone: 281-723-3357
Check if you are leasing property: [ ]

9. Land Owner: Shawna Reilly Phone: 281-687-5409
Address: 202 McCown St., Ste A, Montgomery, TX 77356

10. Business Partners: Rachel Jahn Phone: 281-507-4541
Address: 202 McCown St., Ste A, Montgomery, TX 77356
Home Address: 12303 Browder Traylor Rd., Conroe, TX 77303 Phone: 281-507-4541

This is to certify that I, Rachel L. Anderson have complied with all State, County, Codes and Regulations of the City of Montgomery, Texas.

Rachel L. Anderson or
Business Owner and/or Lessee Partner if Applicable

11. A cover letter on your company's letterhead shall include a description of the nature of the business to be conducted, the names and address and interests of all persons having a direct or indirect financial interest in the property. The cover letter can include any other requested information that needs further description.

---

Upon receipt of this application form and confirmation that all items have been received, you will be notified of the date and time of the City Council Public Hearing by the City Secretary.

The public hearing will require legal notice to be published in the City's official newspaper, the Conroe Courier 15-days prior to the meeting. There is also a required notice to be sent by mail ten (10) days in advance of the Public Hearing to all property owners within 200 feet of the property in question.

If the application is not approved by City Council, no new application may be filed for a period of one year from the date of the public hearing and original application, unless City Council shall determine that conditions have so changed that an earlier hearing would be justified.

The provisions of City Code shall be considered concurrent with or in addition to the Texas Alcoholic Beverage Code, and, where a conflict may be found to exist, the provisions of the Texas Alcoholic Beverage Code shall apply. Applicants for a City alcoholic beverage license must comply with all applicable state and county codes and regulations as well as the requirements of the City Code.

It shall be unlawful for any person to manufacture, brew, distill, sell or distribute any wine, beer, liquor or other alcoholic beverage within the City, or engage in any other activity for which a license or permit is required by the Texas Alcoholic Beverage Code, without first obtaining a license so to do from the City. The annual fee for each such license shall be an amount equal to one-half the fee charged by the state for a license or permit to engage in a similar activity.

**Note: The Alcoholic Beverage Code, provides that a mixed beverage permit is exempt from City permit fees during the three year period following the issuance of the permit.**

If you require any additional information, please contact the City Secretary, Susan Hensley at (936) 597-3288.

*Form – REV 06/2017*



To whom it may concern,

Our business is applying for the City of Montgomery Alcohol License. Below are the answers to the required questions.

- Our business will be a Design & Sip Art Studio
- Our hours will be variable
- The building is not within 300 feet of a church, school, or hospital and the building is in compliance with the requirements of this chapter for separate and adequate toilet facilities for men and women if used for on-premises consumption of beer, liquor or wine.
- The first business owner is Rachel Anderson, address: 194 Jaxxon Pointe Drive, Montgomery, TX 77316
- Second business owner is Rachel Jahn, address: 12303 Browder Traylor Road, Conroe, TX 77303

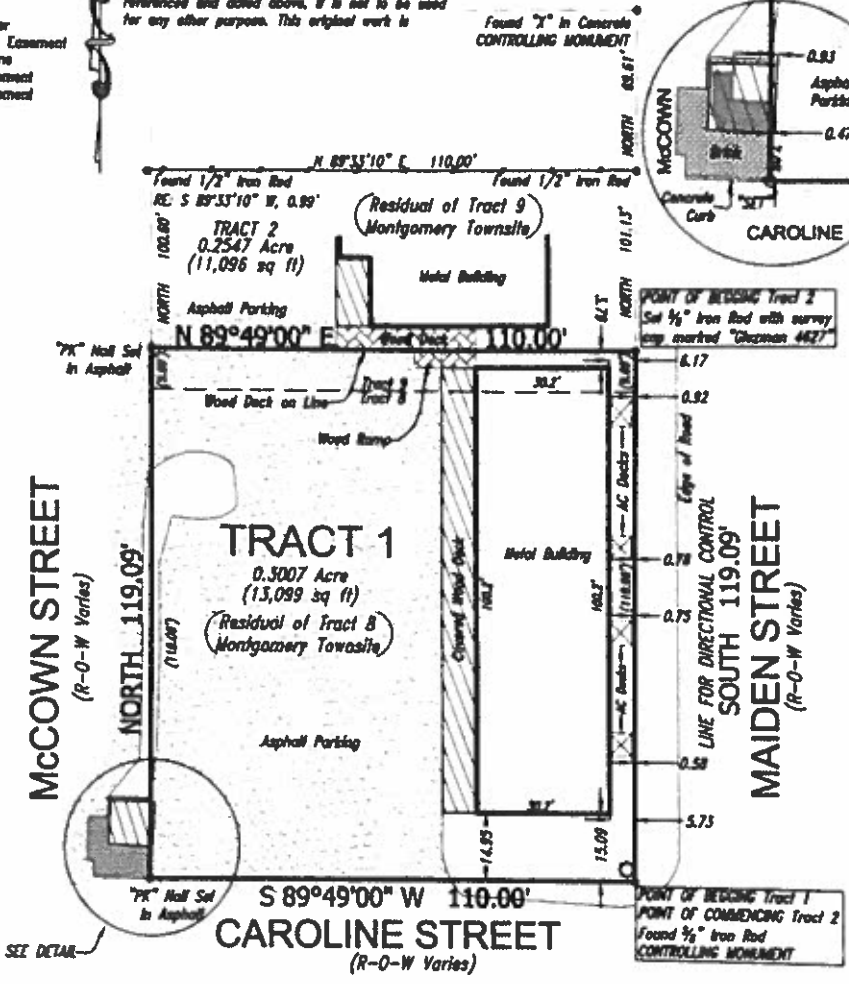
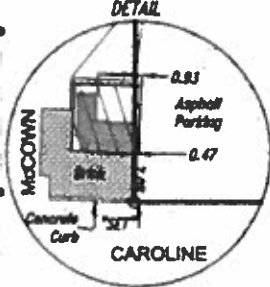
Thank You!

Wine and Design Montgomery

- LEGEND**
- Concrete Monument
  - Electrical Enclosure
  - Gas Meter
  - Fire Hydrant
  - Manhole
  - Property Corner
  - Light Pole
  - Manhole
  - Power Pole
  - Cable Box
  - Storm Inlet
  - Telephone Pedestal
  - Traverse Point
  - Tree
  - Valve Box
  - Water Meter
  - Landscape Easement
  - Building Line
  - Utility Easement
  - Aerial Easement
  - Fence

**NOTES:** 1. Plot Scale 1" = 30'  
 2. The bearings for this survey are based on the recorded plat (record deed) shown on this survey.  
 3. Roads dedicated by record plat (record deed) unless otherwise noted.  
 4. This plat of survey has been performed with reliance upon title examination and abstracting performed by Old Republic Title Company under GF No. 1700657 with an effective date of May 2, 2017. This surveyor has not abstracted the subject property.  
 5. The professional services reflected on this plat of survey is provided in connection with the transaction anticipated by the title search referenced and dated above. It is not to be used for any other purpose. This original work is

protected under copy right laws, 17 United States Code Section 101 and 102. All statutes will be prosecuted to the fullest extent of the law. This survey is being provided solely for the use of the recipients named below and no license has been created, expressed or implied, to copy the survey except as is necessary, in conjunction with the original transaction, which shall take place within thirty (30) days from the date shown herein.  
 6. 5/8" iron rods with survey cap marked "Glezman 4627" set at all property corners unless otherwise noted.



**TRACT 1**  
 0.3007 ACRE  
 JOHN CORNER SURVEY, A-8  
 MONTGOMERY COUNTY, TEXAS

Being 0.3007 acres (13,099 square feet) of land, situated in the John Corner Survey, Abstract Number 8 in Montgomery County, Texas, and being out of Tracts 8 and 9 of the Montgomery Townsites, and being further referenced in Deed recorded in Volume 709, Page 801 and Volume 711, Page 698 of the Deed Records of Montgomery County, Texas, said 0.3007 acre tract being more particularly described by metes and bounds as follows with all bearings and distances referenced to the East line of the Maiden Street as found monumented on the ground:

Purchaser: Jesse Snyder & Shawna Rolly  
 Address: 202 McCown Street  
 Montgomery, Texas 77356

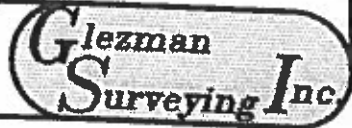
Revised: 06/06/2017 (AC)  
 Date: 05/31/2017  
 Job No: 2017-097 (AC)



**TU: Old Republic Title Company**  
 We, Glezman Surveying, Inc., acting by and through Michael Glezman, a Registered Professional Land Surveyor in the State of Texas, certify that this survey and professional services substantially complies with the Texas Society of Professional Surveyors Standards and Specifications for a Category 1A, Condition III Survey.

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Surveying Southern Texas since 1907  
**GLEZMAN SURVEYING, INC.**  
 1909 Old River Road, Montgomery, Texas 77336  
 P.O. No. 1002200  
 Office (834) 592-6348 www.glezmansurveying.com



AUGUST 2017 10:07 AM 64x/2017 LINDSEY PA

# glezman surveying, inc.

1938 Old River Road  
Montgomery, Texas 77356

936-582-6340  
Firm No. 10039200

**TRACT 1  
0.3007 ACRE  
JOHN CORNER SURVEY, A-8  
MONTGOMERY COUNTY, TEXAS**

*Being 0.3007 acres (13,099 square feet) of land, situated in the John Corner Survey, Abstract Number 8 in Montgomery County, Texas, and being out of Tracts 8 and 9 of the Montgomery Townsites, and being further referenced in Deed recorded in Volume 709, Page 801 and Volume 711, Page 698 of the Deed Records of Montgomery County, Texas; said 0.3007 acre tract being more particularly described by metes and bounds as follows with all bearings and distances referenced to the West line of the Maiden Street as found monumented on the ground:*

**BEGINNING** at a 5/8 inch iron rod, found for the Southeast corner of the herein described tract and being the Southeast corner of Tract 8 of the Montgomery Townsites, located in the North line of Caroline Street, right-of-way varies and the West line of Maiden Street, right-of-way varies;

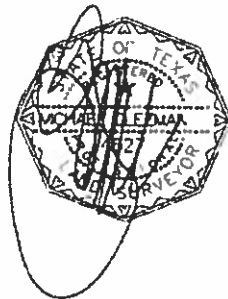
**THENCE** South 89°49'00" West, along the North line of Caroline Street, right-of-way varies and the South line of Tract 8, a distance of 110.00 feet to a "PK" nail, set in asphalt for the Southwest corner of the herein described tract, being the Southwest corner of Tract 8 and being located in the North line of Caroline Street, right-of-way varies and the East line of McCown Street, right-of-way varies;

**THENCE** North, along the East line of McCown Street, right-of-way varies and the West line of Tract 8, passing at a distance of 110.00 feet, the common West corner of Tracts 8 and 9 of the Montgomery Townsites and continuing along the West line of Tract 9; in all, a total distance of 119.09 feet to a "PK" nail, set in asphalt for the Northwest corner of the herein described tract;

**THENCE** North 89°49'00" East, severing Tract 9, a distance of 110.00 feet to a 5/8" iron rod with survey cap marked "Glezman 4627", set for the Northeast corner of the herein described tract in the West line of Maiden Street, right-of-way varies;

**THENCE** South, along the West line of Maiden Street, right-of-way varies and the East line of Tract 9, passing at a distance of 9.09 feet, the common East corner of Tracts 8 and 9 of the Montgomery Townsites and continuing along the East line of Tract 8; in all, a total distance of 119.09, back to the **POINT OF BEGINNING** and containing 0.3007 of land, based on the survey and plat prepared by Glezman Surveying, Inc., dated May 31, 2017.

Michael Glezman  
Registered Professional Land Surveyor  
Texas Registration No. 4627  
Acres



Revised: June 6, 2017  
Date: May 29, 2017  
Job No.: 2017-097 Snyder/Reilly 0.3007

# glezman surveying, inc.

1938 Old River Road  
Montgomery, Texas 77356

936-582-6340  
Firm No. 10039200

**TRACT 2  
0.2547 ACRE  
JOHN CORNER SURVEY, A-8  
MONTGOMERY COUNTY, TEXAS**

*Being 0.2547 acres (11,096 square feet) of land, situated in the John Corner Survey, Abstract Number 8 in Montgomery County, Texas, and being out of Tracts 9 of the Montgomery Townsites, and being further referenced in Deed recorded in Volume 709, Page 801 and Volume 711, Page 698 of the Deed Records of Montgomery County, Texas; said 0.2547 acre tract being more particularly described by metes and bounds as follows with all bearings and distances referenced to the West line of the Maiden Street as found monumented on the ground:*

**COMMENCING** at a 5/8 inch iron rod, found for the Southeast corner of the herein described tract and being the Southeast corner of Tract 8 of the Montgomery Townsites, located in the North line of Caroline Street, right-of-way varies and the West line of Maiden Street, right-of-way varies;

**THENCE** North, along the West line of Maiden Street, right-of-way varies and the East line of Tract 8, passing at a distance of 110.00 feet, the common East corner of Tracts 8 and 9 of the Montgomery Townsites and continuing along the East line of Tract 9; in all, a total distance of 119.09 feet to a 5/8 inch iron rod with survey cap marked "Glezman 4627", set for the **POINT OF BEGINNING** and being the Southeast corner of the herein described tract, in the West line of Maiden Street, right-of-way varies;

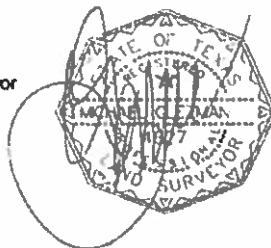
**THENCE** South 89°49'00" West, severing Tract 9, a distance of 110.00 feet to a "PK" Nail in asphalt, for the Southwest corner of the herein described tract and being located in the East line of McCown Street, right-of-way varies;

**THENCE** North, along the East line of McCown Street, right-of-way varies and the West line of Tract 9, a distance of 100.60 feet to the Northwest corner of the herein described tract in the East line of McCown Street, right-of-way varies, for the common West corner of Tract 9 and 10 of the Montgomery Townsites and being the Southwest corner of a called 0.177 acre tract, as described in Deed recorded under Clerk's File Number 2010106720 of the Real Property Records of Montgomery County, Texas; from which a 1/2 inch iron rod is found for reference South 89°33'10" West, 0.99 feet;

**THENCE** North 89°33'10" East, along the common line of Tract 9 and 10 and the South line of said 0.177 acre tract, a distance of 110.00 feet to a 1/2" iron rod, found for the Northeast corner of the herein described tract, in the West line of Maiden Street, right-of-way varies, being the common East corner of Tracts 9 and 10 of the Montgomery Townsites and being the Southeast corner of said 0.177 acre tract; from which a "X" cut in concrete is found for reference North, 69.61 feet;

**THENCE** South, along the West line of Maiden Street, right-of-way varies and the East line of Tract 9, a distance of 101.13, back to the **POINT OF BEGINNING** and containing 0.2547 of land, based on the survey and plat prepared by Glezman Surveying, Inc., dated May 31, 2017.

Michael Glezman  
Registered Professional Land Surveyor  
Texas Registration No. 4627



Revised: June 6, 2017  
Date: May 29, 2017  
Job No.: 2017-095 Peel 0.2547 Acre

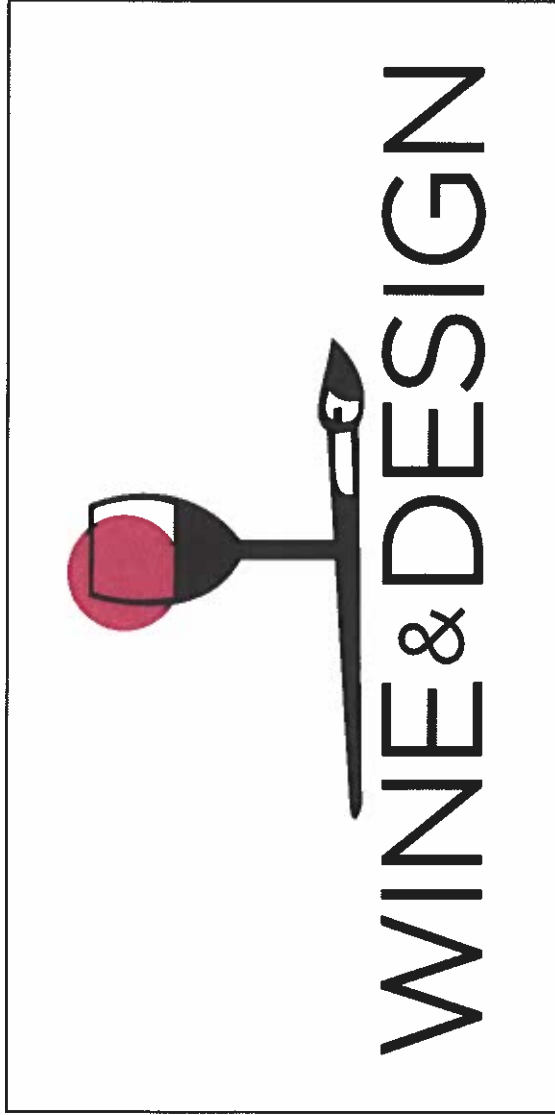


# PROOF

## READ PROOF CAREFULLY

Please review the layout(s) below and advise whether approved or changes for production. Please reply via this email noting order is approved or noting any changes.

\*\*Production will not begin until approval is emailed or fax back stating APPROVED.\*\*



DATE 03-11-19

ORDER NUMBER 19-3 0908

SIZE 8ft W x 4ft H

COLOR Black & Pink 041 Vinyl

QUANTITY 1 Alumapanel Sign

OTHER \$270.00+tax

### YOU MUST CHECK THE FOLLOWING:

**WORDING - SPELLING:** Is everything spelled correctly? Check all names and words.

**LAYOUT:** Do all components correlate to each other?

**SIZE:** Check the size noted on the drawing.

Changes may have been necessary to meet the size requirements.

**\*ONCE APPROVED, YOU ARE RESPONSIBLE FOR 1/2 OF THE REMAKE COST SHOULD ANY ERRORS BE FOUND AFTER PRODUCTION BEGINS.**

**NO EXCEPTIONS.**

- Proof APPROVED as is
- OK with changes
- NEW Proof needed



www.jkgraphicsinc.com  
 281-351-1111 (Tomball 249)  
 832-559-8697 (Tomball Kobs)  
 936-447-1869 (Montgomery)

## Statistics

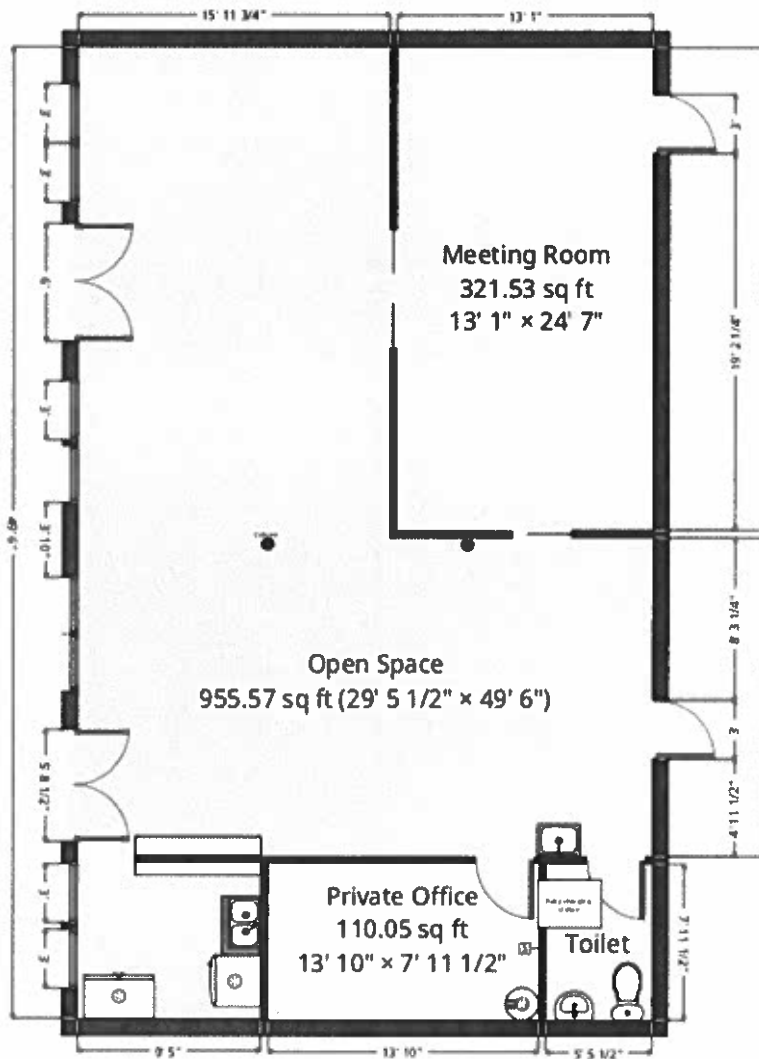
Area: 1591 sq ft

1 Floor

1 Office

1 Conf. room

## Ground Floor





**ON-PREMISE PREQUALIFICATION PACKET**

L-ON  
(12/2017)

Submit this packet to the proper governmental entities to obtain certification for the type of license/permit for which you are applying as required by Sections 11.37, 11.39, 11.46(b), 61.37, 61.38, 61.42 and Rule §33.13

Contact your local TABC office to verify requirements of Sections 11.391 and 61.381 as you may be required to post a sign at your proposed location 60-days prior to the issuance of your license/permit.

All statutory and rule references mentioned in this application refer to and can be found in the Texas Alcoholic Beverage Code or Rules located on our website. [www.tabc.texas.gov/laws/code\\_and\\_rules.asp](http://www.tabc.texas.gov/laws/code_and_rules.asp)

**LOCATION INFORMATION**

1. Application for:  Original  Add Late Hours Only License/Permit Number \_\_\_\_\_  
 Reinstatement License/Permit Number \_\_\_\_\_  
 Change of Licensed Location License/Permit Number \_\_\_\_\_

2. Type of On-Premise License/Permit

- BG** Wine and Beer Retailer's Permit  **LB** Mixed Beverage Late Hours Permit  
 **BE** Beer Retail Dealer's On-Premise License  **MI** Minibar Permit  
 **BL** Retail Dealer's On-Premise Late Hours License  **CB** Caterer's Permit  
 **BP** Brewpub License  **FB** Food and Beverage Certificate  
 **V** Wine & Beer Retailer's Permit for Excursion Boats  **PE** Beverage Cartage Permit  
 **Y** Wine & Beer Retailer's Permit for Railway Dining Car  **RM** Mixed Beverage Restaurant Permit with FB  
 **MB** Mixed Beverage Permit  
 **O** Private Carrier's Permit – For Brewpubs (BP) with a BG only

3. Indicate Primary Business at this Location

- Restaurant  Sporting Arena, Civic Center, Hotel  Bar  
 Grocery/Market  Sexually Oriented  Miscellaneous Painting/Events Classes

4. Trade Name of Location

Wine & Design Montgomery

5. Location Address

202 McCown Street

City Montgomery	County Montgomery	State TX	Zip Code 77356
--------------------	----------------------	-------------	-------------------

6. Mailing Address 194 Jaxxon Pointe	City Montgomery	State TX	Zip Code 77316
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7. Business Phone No. Pending	Alternate Phone No. 281-723-3357	E-mail Address jandersonholdingsllc@gmail.com
----------------------------------	-------------------------------------	--

**OWNER INFORMATION**

8. Type of Owner

- Individual  Corporation  City/County/University  
 Partnership  Limited Liability Company  Other \_\_\_\_\_  
 Limited Partnership  Joint Venture  
 Limited Liability Partnership  Trust

9. Business Owner/Applicant

Janderson Holdings, LLC

10. Are you, the applicant a veteran-owned business?  Yes  No

11. Are you, the applicant a Historically Underutilized Business (HUB)?  Yes  No

**12. As indicated on the chart, enter the individuals that pertain to your business type:**  
*(For additional space, use Form L-OIC)*

Individual/Individual Owner	Limited Liability Company/All Officers or Managers		
Partnership/All Partners	Joint Venture/Venturers		
Limited Partnership/All General Partners	Trust/Trustee(s)		
Corporation/All Officers	City, County, University/Official		

Last Name Anderson	First Name Rachel	MI A	Title Managing Member
Last Name Jahn	First Name Rachel	MI L	Title Managing Member
Last Name	First Name	MI	Title

**MEASUREMENT INFORMATION**

Section 109.31 et seq.

13. Will your business be located within 300 feet of a church or public hospital?  Yes  No

**NOTE:** For churches or public hospitals measure from front door to front door, along the property lines of the street fronts and in a direct line across intersections.

14. Will your business be located within 300 feet of any private/public school, day care center or child care facility?  Yes  No

If "YES," are the facilities located on different floors or stories of the building?  Yes  No

**NOTE:** For private/public schools, day care centers and child care facilities measure in a direct line from the nearest property line of the school, day care center or child care facility to the nearest property line of the place of business, and in a direct line across intersections.

**NOTE:** For multistory building: businesses may be within 300 feet of a day care center or child care facility as long as the facilities are located on different floors of the building.

**NOTE:** If located on or above the fifth story of a multistory building: measure in a direct line from the property line of the private/public school to property line of your place of business in a direct line across intersections vertically up the building at the property line to the base of the floor on which your business is located.

15. Will your business be located within 1,000 feet of a private school?  Yes  No

16. Will your business be located within 1,000 feet of a public school?  Yes  No

**60-DAY SIGN**

17. As required under Section 11.391 and 61.381, enter the exact date the 60-Day sign was posted at your location.	Exact Date (MM/DD/YYYY)
--	-------------------------

**ALL APPLICANTS**

18. IF YOUR LOCATION IS NOT WITHIN THE CITY LIMITS, CHECK HERE   
 I, the applicant, have confirmed I am not located in the city limits of any city and therefore all city certificates are not required.

# WARNING AND SIGNATURE

## IF APPLICANT IS SHOWN AS:

- Proprietorship
- Partnership
- Corporation
- Limited Partnership
- Limited Liability Partnership
- Limited Liability Company

## WHO MUST SIGN:

- Individual Owner
- Partner
- Officer
- General Partner
- General Partner
- Officer/Manager

**WARNING:** Section 101.69 of the Texas Alcoholic Beverage Code states: "...a person who makes a false statement or false representation in an application for a permit or license or in a statement, report, or other instrument to be filed with the Commission or required to be sworn commits an offense punishable by imprisonment in the Texas Department of Criminal Justice for not less than nor more than 10 years."

I, UNDER PENALTY OF LAW, HEREBY SWEAR THAT I HAVE READ ALL THE INFORMATION PROVIDED IN THE APPLICATION AND ANY ATTACHMENTS AND THE INFORMATION IS TRUE AND CORRECT. I ALSO UNDERSTAND ANY FALSE STATEMENT OR REPRESENTATION IN THIS APPLICATION CAN RESULT IN MY APPLICATION BEING DENIED AND/OR CRIMINAL CHARGES FILED AGAINST ME. I ALSO AUTHORIZE THE TEXAS ALCOHOLIC BEVERAGE COMMISSION TO USE ALL LEGAL MEANS TO VERIFY THE INFORMATION PROVIDED.

PRINT NAME

Rachel Anderson

SIGN HERE

*Rachel L Anderson*

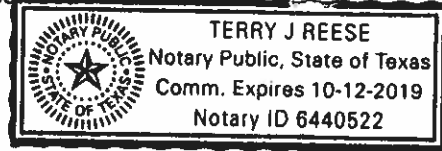
TITLE

Managing Member

Before me, the undersigned authority, on this 7<sup>th</sup> day of March, 2019, the person whose name is signed to the foregoing application personally appeared and, duly sworn by me, states under oath that he or she has read the said application and that all the facts therein set forth are true and correct.

SIGN HERE

*Terry J Reese*  
NOTARY PUBLIC



SEAL

## CERTIFICATE OF CITY SECRETARY (FOR MB, RM, V & Y)

Section 11.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is inside the boundaries of this city or town, in a "wet" area for such license/permit, and not prohibited by charter or ordinance in reference to the sale of such alcoholic beverages.

SIGN HERE

\_\_\_\_\_  
City Secretary/Clerk

\_\_\_\_\_, TEXAS  
City

SEAL

## CERTIFICATE OF CITY SECRETARY (FOR BG & BE)

Section 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is inside the boundaries of this city or town, in a "wet" area for such license/permit, and not prohibited by charter or ordinance in reference to the sale of such alcoholic beverages.

**Election for given location was held for:**

- legal sale of all alcoholic beverages
- legal sale of all alcoholic beverages except mixed beverages
- legal sale of all alcoholic beverages including mixed beverages
- legal sale of beer/wine (17%) on-premise **AFTER** Sept. 1, 1999
- legal sale of beer/wine (14%) on-premise **BEFORE** Sept. 1, 1999

**OR IF ABOVE DOES NOT APPLY:**

Be advised the location must have had two election passages per Section 25.14 or Section 69.17 of the TABC Code. One for beer and wine off-premise and one for mixed beverage.

- legal sale of beer and wine for off-premise consumption only

**AND EITHER:**

- legal sale of mixed beverages

**OR**

- legal sale of mixed beverages in restaurants by food and beverage certificate holders  
(applicant must apply for FB with BG or BE)

SIGN HERE

\_\_\_\_\_  
City Secretary/Clerk

\_\_\_\_\_, TEXAS  
City

SRAT.

**CERTIFICATE OF CITY SECRETARY FOR LATE HOURS LICENSE/PERMIT  
(LB & BL)**

Chapters 29 & 70 et seq.

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, that one of the below is correct:

- The governing body of this city has by ordinance authorized the sale of **mixed beverages** between midnight and 2:00 A.M.; or
- The governing body of this city has by ordinance authorized the sale of **beer** between midnight and \_\_\_\_\_ A.M.; or
- The population of the city or county where premises are located was 500,000 or more according to the 22<sup>nd</sup> Decennial Census of the United States as released by the Bureau of the Census on March 12, 2001; or
- The population of the city or county where premises are located was 800,000 or more according to the last Federal Census (2010).

SIGN

HERE \_\_\_\_\_, TEXAS

City Secretary/Clerk

City

SEAL

**CERTIFICATE OF COUNTY CLERK (FOR MB, RM, V & Y)**

Section 11.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, that the location for which the license/permit is sought is in a "wet" area for such license/permit, and is not prohibited by any valid order of the Commissioner's Court.

SIGN

HERE \_\_\_\_\_ COUNTY

County Clerk

SEAL

**CERTIFICATE OF COUNTY CLERK (FOR BG & BE)**

Section 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, that the location for which the license/permit is sought is in a "wet" area and is not prohibited by any valid order of the Commissioner's Court.

**Election for given location was held for:**

- legal sale of all alcoholic beverages
- legal sale of all alcoholic beverages except mixed beverages
- legal sale of all alcoholic beverages including mixed beverages
- legal sale of beer/wine (17%) on-premise **AFTER** Sept. 1, 1999
- legal sale of beer/wine (14%) on-premise **BEFORE** Sept. 1, 1999

**OR IF ABOVE DOES NOT APPLY:**

Be advised the location must have had two election passages per 25.14 or 69.17 of the TAB Code. One for beer and wine off-premise and one for mixed beverage.

- legal sale of beer and wine for off-premise consumption only

**AND EITHER:**

- legal sale of mixed beverages

**OR**

- legal sale of mixed beverages in restaurants by food and beverage certificate holders  
(applicant must apply for FB with BG or BE)

SIGN

HERE \_\_\_\_\_ COUNTY

County Clerk

SEAL

**CERTIFICATE OF COUNTY CLERK FOR LATE HOURS LICENSE/PERMIT (LB & BL)**

Chapters 29 & 70 et seq

- I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that one of the below are correct:
- The Commissioner's Court of the county has by order authorized the sale of *mixed beverages* between midnight and 2:00 A.M.; or
  - The Commissioner's Court of the county has by order authorized the sale of *beer* between midnight and \_\_\_\_\_ A.M.; or
  - The population of the city or county where premises are located was 500,000 or more according to the 22<sup>nd</sup> Decennial Census of the United States as released by the Bureau of the Census on March 12, 2001; or
  - The population of the city or county where premises are located was 800,000 or more according to the last Federal Census (2010).

SIGN

HERE \_\_\_\_\_

County Clerk

\_\_\_\_\_ COUNTY

**S E A L**

**COMPTROLLER OF PUBLIC ACCOUNTS CERTIFICATE**

Section 11.46 (b) & 61.42 (b)

This is to certify on this 19<sup>th</sup> day of MARCH, 2019, the applicant holds or has applied for and satisfies all legal requirements for the issuance of a Sales Tax Permit under the Limited Sales, Excise and Use Tax Act or the applicant as of this date is not required to hold a Sales Tax Permit.

Sales Tax Permit Number 32069757055 Outlet Number 00001

Print Name of Comptroller Employee VINCENT SALA

Print Title of Comptroller Employee EO

SIGN

HERE \_\_\_\_\_

*VJ Sala*

FIELD OFFICE

2H31

**S E A L**

**PUBLISHER'S AFFIDAVIT (FOR MB, LB, RM, BP, BG, BE, BL, V & Y)**

Section 11.39 and 61.38

Name of newspaper		ATTACH PRINTED COPY OF THE NOTICE HERE
City, County		
Dates notice published in daily/weekly newspaper (MM/DD/YYYY)		
<i>Publisher or designee certifies attached notice was published in newspaper stated on dates shown.</i>		
Signature of publisher or designee Sworn to and subscribed before me on this date (MM/DD/YYYY)		
Signature of Notary Public		
<b>S E A L</b>		

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 9, 2019</b>	<b>Budgeted Amount:</b>
<b>Department: Administrative</b>	
<b>Prepared By: Susan Hensley, City Secretary</b>	<b>Exhibits: Beverage Permit Application Pack</b>
<b>Date Prepared: April 5, 2019</b>	

**Subject**

Application by Chronic Tacos located at 20212 Eva Street, Montgomery for an On-Premise Wine and Beer Retailer's Permit as submitted by Arquitt Tacos, Inc.

**Recommendation**



Approval of the Wine and Beer Retailer's Permit On-Premise Beverage Permit Application for Chronic Tacos located at 20212 Eva Street, Montgomery, as submitted by Arquitt Tacos, Inc.

**Discussion**

The Montgomery Code of Ordinances states the following:

***City Code - Sec. 6-33.** – Approval of license application by City Council. After all the requirements for a license application under the provisions of this article have been met as determined by the City Administrator, the application shall be presented to the City Council for approval at a public meeting.*

**Approved By**

City Secretary	Susan Hensley, City Secretary 	Date: April 5, 2019
City Administrator	Jack Yates, City Administrator 	Date: April 5, 2019





**City of Montgomery  
Alcohol Beverage  
License Application**

City of Montgomery, Texas  
P.O. Box 708  
Montgomery, Texas 77358  
936-597-3288  
[www.montgomerytexas.gov](http://www.montgomerytexas.gov)

**APPLICATION FOR THE SALE OF ALCOHOLIC BEVERAGE LICENSE**

Date Received by the City: 03/27/19

1. Type of Alcoholic Beverage License: (attach completed TABC Application Form)

- (1) Category A – Off Premises Consumption Sale of All Alcoholic Beverages – Package Store
- (2) Category B – Off Premises Consumption Sale of Wine, Beer or Ale.
- (3) Category C – Off Premises Consumption Sale of Beer.
- (4) Category D – On Premises Consumption Sale of Beer, Wine and Mixed beverages – Restaurant or Café, where the sale of beer, wine and mixed beverage on the premises would be incidental to the restaurant or café.
- (5) Category E – On Premises Consumption Sale of Beer, Wine and Mixed beverages – Tavern, Lounge, or Bar. The sale of Beer, Wine and Mixed beverages for On-Premises Consumption being the principal business line.
- (6) Category F – Warehouse storage of Beer, Wine or Liquor for Distributors – No sale of Beer for on or Off-Premises Consumption permitted on the Premises.

- 2. Legal Description of the property for which License is sought. (Either by Lot and Block number or by a Metes and Bounds Description: Phase 1 Block 1, Res B, ACRES 2.67)
- 3. Exact Nature of the Business to be operated. (Must be fully described in cover letter on company letterhead).
- 4. Attach a Plat of the property to the Application showing the improvements, parking areas, location of signage and other structures on the property and within three hundred (300) feet to scale.
- 5. Description of signs and the hours they will be operated to be attached as a separate document.
- 6. Attach floor plan of the building in which the business is to be conducted (showing fixtures, furniture, restrooms, kitchen and other equipment).
- 7. Attach a verified statement stating that the building is not within three hundred (300) feet of a church, school or hospital and that the building is in compliance with the requirements of this chapter for separate and adequate toilet facilities for men and women if used for on-premises consumption of beer, liquor or wine. This can be included in cover letter.
- 8. Business Owner: Pamella Arquitt Phone: 720-490-9459  
Address: 137 Fairwelder Dr. Montgomery, TX, 77356  
Home Address: 137 Fairwelder Dr. Montgomery, TX Phone: 720-490-9459  
Check if you are leasing property:
- 9. Land Owner: Milestone Buffalo Springs, L.P. Phone: 713-784-3790  
Address: 4800 Richmond Ave. Ste 190, Houston, TX, 77042
- 10. Business Partners: Thud Arquitt Phone: 720-490-9459  
Address: 137 Fairwelder Dr. Montgomery, TX, 77356  
Home Address: 137 Fairwelder Dr. Montgomery, TX, 77356 Phone: 720-490-9459

-----  
This is to certify that I, Pamella Arquitt have complied with all State, County, Codes and Regulations of the City of Montgomery, Texas.

[Signature] or \_\_\_\_\_  
Business Owner and/or Lessee Partner if Applicable



Submit this packet to the proper governmental entities to obtain certification for the type of license/permit for which you are applying as required by Sections 11.37, 11.39, 11.46(b), 61.37, 61.38, 61.42 and Rule §33.13

Contact your local TABC office to verify requirements of Sections 11.391 and 61.381 as you may be required to post a sign at your proposed location 60-days prior to the issuance of your license/permit.

All statutory and rule references mentioned in this application refer to and can be found in the Texas Alcoholic Beverage Code or Rules located on our website. [www.tabc.texas.gov/laws/code\\_and\\_rules.asp](http://www.tabc.texas.gov/laws/code_and_rules.asp)

**LOCATION INFORMATION**

1. Application for:  Original  Add Late Hours Only License/Permit Number  
 Reinstatement License/Permit Number  
 Change of Licensed Location License/Permit Number

2. Type of On-Premise License/Permit

- BG** Wine and Beer Retailer's Permit  **LB** Mixed Beverage Late Hours Permit  
 **BE** Beer Retail Dealer's On-Premise License  **MI** Minibar Permit  
 **BL** Retail Dealer's On-Premise Late Hours License  **CB** Caterer's Permit  
 **BP** Brewpub License  **FB** Food and Beverage Certificate  
 **V** Wine & Beer Retailer's Permit for Excursion Boats  **PE** Beverage Cartage Permit  
 **Y** Wine & Beer Retailer's Permit for Railway Dining Car  **RM** Mixed Beverage Restaurant Permit with FB  
 **MB** Mixed Beverage Permit  
 **O** Private Carrier's Permit – For Brewpubs (BP) with a BG only

3. Indicate Primary Business at this Location

- Restaurant  Sporting Arena, Civic Center, Hotel  Bar  
 Grocery/Market  Sexually Oriented  Miscellaneous \_\_\_\_\_

4. Trade Name of Location

Chronic Tacos - Montgomery

5. Location Address

20212 Eva Street, Suite 200

City Montgomery	County Montgomery	State TX	Zip Code 77356
6. Mailing Address 137 Fairwater Drive	City Montgomery	State TX	Zip Code 77356

7. Business Phone No.	Alternate Phone No. 720-980-9459	E-mail Address parquitt@icloud.com
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**OWNER INFORMATION**

8. Type of Owner

- Individual  Corporation  City/County/University  
 Partnership  Limited Liability Company  Other \_\_\_\_\_  
 Limited Partnership  Joint Venture  
 Limited Liability Partnership  Trust

9. Business Owner/Applicant

Arquitt Tacos, Inc.

10. Are you, the applicant a veteran-owned business?  Yes  No

11. Are you, the applicant a Historically Underutilized Business (HUB)?  Yes  No

**12. As indicated on the chart, enter the individuals that pertain to your business type:**  
*(For additional space, use Form L-OIC)*

Individual/Individual Owner	Limited Liability Company/All Officers or Managers		
Partnership/All Partners	Joint Venture/Venturers		
Limited Partnership/All General Partners	Trust/Trustee(s)		
Corporation/All Officers	City, County, University/Official		

Last Name Arquitt	First Name Pamella	MI J	Title Pres/Sec
Last Name Arquitt	First Name Thad	MI A	Title Vice President
Last Name	First Name	MI	Title

**MEASUREMENT INFORMATION**

Section 109.31 et seq.

**13.** Will your business be located within 300 feet of a church or public hospital?  Yes  No

**NOTE:** For churches or public hospitals measure from front door to front door, along the property lines of the street fronts and in a direct line across intersections.

**14.** Will your business be located within 300 feet of any private/public school, day care center or child care facility?  Yes  No

If "YES," are the facilities located on different floors or stories of the building?  Yes  No

**NOTE:** For private/public schools, day care centers and child care facilities measure in a direct line from the nearest property line of the school, day care center or child care facility to the nearest property line of the place of business, and in a direct line across intersections.

**NOTE:** For multistory building: businesses may be within 300 feet of a day care center or child care facility as long as the facilities are located on different floors of the building.

**NOTE:** If located on or above the fifth story of a multistory building: measure in a direct line from the property line of the private/public school to property line of your place of business in a direct line across intersections vertically up the building at the property line to the base of the floor on which your business is located.

**15.** Will your business be located within 1,000 feet of a private school?  Yes  No

**16.** Will your business be located within 1,000 feet of a public school?  Yes  No

**60-DAY SIGN**

**17.** As required under Section 11.391 and 61.381, enter the exact date the 60-Day sign was posted at your location.

Exact Date (MM/DD/YYYY)

N/A

**ALL APPLICANTS**

**18. IF YOUR LOCATION IS NOT WITHIN THE CITY LIMITS, CHECK HERE**

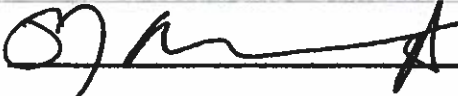
I, the applicant, have confirmed I am not located in the city limits of any city and therefore all city certificates are not required.

**WARNING AND SIGNATURE**

IF APPLICANT IS SHOWN AS:	WHO MUST SIGN:
Proprietorship	Individual Owner
Partnership	Partner
Corporation	Officer
Limited Partnership	General Partner
Limited Liability Partnership	General Partner
Limited Liability Company	Officer/Manager

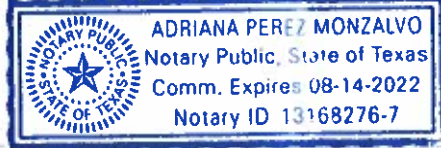
**WARNING:** Section 101.69 of the Texas Alcoholic Beverage Code states: "...a person who makes a false statement or false representation in an application for a permit or license or in a statement, report, or other instrument to be filed with the Commission and required to be sworn commits an offense punishable by imprisonment in the Texas Department of Criminal Justice for not less than 2 nor more than 10 years."

I, UNDER PENALTY OF LAW, HEREBY SWEAR THAT I HAVE READ ALL THE INFORMATION PROVIDED IN THE APPLICATION AND ANY ATTACHMENTS AND THE INFORMATION IS TRUE AND CORRECT. I ALSO UNDERSTAND ANY FALSE STATEMENT OR REPRESENTATION IN THIS APPLICATION CAN RESULT IN MY APPLICATION BEING DENIED AND/OR CRIMINAL CHARGES FILED AGAINST ME. I ALSO AUTHORIZE THE TEXAS ALCOHOLIC BEVERAGE COMMISSION TO USE ALL LEGAL MEANS TO VERIFY THE INFORMATION PROVIDED.

PRINT NAME Pamella Arquitt SIGN HERE   
 TITLE President

Before me, the undersigned authority, on this 5<sup>th</sup> day of March, 2019, the person whose name is signed to the foregoing application personally appeared and, duly sworn by me, states under oath that he or she has read the said application and that all the facts therein set forth are true and correct.

SIGN HERE   
 NOTARY PUBLIC



SEAL

**CERTIFICATE OF CITY SECRETARY (FOR MB, RM, V & Y)**  
 Section 11.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is inside the boundaries of this city or town, in a "wet" area for such license/permit, and not prohibited by charter or ordinance in reference to the sale of such alcoholic beverages.

SIGN HERE \_\_\_\_\_, TEXAS  
 City Secretary/Clerk City

SEAL

**CERTIFICATE OF CITY SECRETARY (FOR BG & BE)**  
 Section 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is inside the boundaries of this city or town, in a "wet" area for such license/permit, and not prohibited by charter or ordinance in reference to the sale of such alcoholic beverages.

- Election for given location was held for:**
- legal sale of all alcoholic beverages
  - legal sale of all alcoholic beverages except mixed beverages
  - legal sale of all alcoholic beverages including mixed beverages
  - legal sale of beer/wine (17%) on-premise **AFTER** Sept. 1, 1999
  - legal sale of beer/wine (14%) on-premise **BEFORE** Sept. 1, 1999

**OR IF ABOVE DOES NOT APPLY:**

Be advised the location must have had two election passages per Section 25.14 or Section 69.17 of the TABC Code. One for beer and wine off-premise and one for mixed beverage.

- legal sale of beer and wine for off-premise consumption only
- AND EITHER:**
- legal sale of mixed beverages
- OR**
- legal sale of mixed beverages in restaurants by food and beverage certificate holders (applicant must apply for FB with BG or BE)

SIGN HERE \_\_\_\_\_, TEXAS  
 City Secretary/Clerk City

SEAL

**CERTIFICATE OF CITY SECRETARY FOR LATE HOURS LICENSE/PERMIT  
(LB & BL)**

Chapters 29 & 70 et seq.

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that one of the below is correct:

- The governing body of this city has by ordinance authorized the sale of *mixed beverages* between midnight and 2:00 A.M.; or
- The governing body of this city has by ordinance authorized the sale of *beer* between midnight and \_\_\_\_\_ A.M.; or
- The population of the city or county where premises are located was 500,000 or more according to the 22<sup>nd</sup> Decennial Census of the United States as released by the Bureau of the Census on March 12, 2001; or
- The population of the city or county where premises are located was 800,000 or more according to the last Federal Census (2010).

SIGN  
HERE

\_\_\_\_\_  
City Secretary/Clerk

\_\_\_\_\_  
City

\_\_\_\_\_, TEXAS

SEAL

**CERTIFICATE OF COUNTY CLERK (FOR MB, RM, V & Y)**

Section 11.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is in a "wet" area for such license/permit, and is not prohibited by any valid order of the Commissioner's Court.

SIGN  
HERE

\_\_\_\_\_  
County Clerk

\_\_\_\_\_, COUNTY

SEAL

**CERTIFICATE OF COUNTY CLERK (FOR BG & BE)**

Section 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is in a "wet" area and is not prohibited by any valid order of the Commissioner's Court.

**Election for given location was held for:**

- legal sale of all alcoholic beverages
- legal sale of all alcoholic beverages except mixed beverages
- legal sale of all alcoholic beverages including mixed beverages
- legal sale of beer/wine (17%) on-premise **AFTER** Sept. 1, 1999
- legal sale of beer/wine (14%) on-premise **BEFORE** Sept. 1, 1999

**OR IF ABOVE DOES NOT APPLY:**

Be advised the location must have had two election passages per 25.14 or 69.17 of the TAB Code. One for beer and wine off-premise and one for mixed beverage.

- legal sale of beer and wine for off-premise consumption only

**AND EITHER:**

- legal sale of mixed beverages

**OR**

- legal sale of mixed beverages in restaurants by food and beverage certificate holders  
(applicant must apply for FB with BG or BE)

SIGN  
HERE

\_\_\_\_\_  
County Clerk

\_\_\_\_\_, COUNTY

SEAL

**CERTIFICATE OF COUNTY CLERK FOR LATE HOURS LICENSE/PERMIT (LB & BL)**

Chapters 29 & 70 et seq

- I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that one of the below are correct:
- The Commissioner's Court of the county has by order authorized the sale of *mixed beverages* between midnight and 2:00 A.M.; or
  - The Commissioner's Court of the county has by order authorized the sale of *beer* between midnight and \_\_\_\_\_ A.M.; or
  - The population of the city or county where premises are located was 500,000 or more according to the 22<sup>nd</sup> Decennial Census of the United States as released by the Bureau of the Census on March 12, 2001; or
  - The population of the city or county where premises are located was 800,000 or more according to the last Federal Census (2010).

SIGN  
HERE

County Clerk

COUNTY

SEAL

**COMPTROLLER OF PUBLIC ACCOUNTS CERTIFICATE**

Section 11.46 (b) & 61.42 (b)

This is to certify on this 8<sup>th</sup> day of March, 2019, the applicant holds or has applied for and satisfies all legal requirements for the issuance of a Sales Tax Permit under the Limited Sales, Excise and Use Tax Act or the applicant as of this date is not required to hold a Sales Tax Permit.

Sales Tax Permit Number 32068965881 Outlet Number 00001

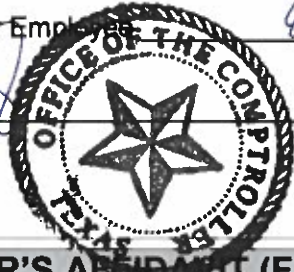
Print Name of Comptroller Employee Mercedes Narvaez

Print Title of Comptroller Employee Enforcement Officer

SIGN  
HERE

FIELD OFFICE

Enforcement Houston - 2H30



SEAL

**PUBLISHER'S AFFIDAVIT (FOR MB, LB, RM, BP, BG, BE, BL, V & Y)**

Section 11.39 and 61.38

Name of newspaper	
City, County	
Dates notice published in daily/weekly newspaper (MM/DD/YYYY)	
<i>Publisher or designee certifies attached notice was published in newspaper stated on dates shown.</i>	
Signature of publisher or designee Sworn to and subscribed before me on this date (MM/DD/YYYY)	
Signature of Notary Public	
SEAL	

ATTACH PRINTED  
COPY OF THE  
NOTICE HERE

3/21/2019

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To

City of Montgomery, TX  
PO Box 708  
Montgomery, TX 77356

To whom it may concern:

We are applying for an alcohol beverage license for our restaurant that we are opening in Montgomery, Texas. The address of the restaurant will be 20212 Eva Street, Suite 200 Montgomery, TX 77356 and the name is Chronic Tacos – Montgomery. Started in 2002, Chronic Tacos is most prevalent in its home state of California where it has 31 restaurants open and three more coming soon. The chain has more recently expanded in the south with locations in Alabama, Florida and North Carolina. Chronic Tacos is a franchise headquartered in Aliso Viejo, California that was started by two guys that grew up in Southern California. They created a taco shop with great Mexican food and a vibe inspired by their Southern California roots. There are over 50 locations nationwide in addition to locations in Canada and Japan.

Menu items include traditional Mexican dishes such as tacos, burritos, quesadillas as well as tostada bowls and salads, including a breakfast menu all day. Customers can choose from vegetarian and gluten-free options, as well as carne asada (steak), pollo asado (chicken), carnitas (slow-cooked pork) and al pastor (spicy marinated pork). Seafood lovers can also order grilled, beer-battered or baja-style fish and shrimp.

Our location in Montgomery will be in the Kroger shopping center and is not located within three hundred feet of a church, school or hospital and the building will be in compliance with the requirements of this chapter for separate and adequate toilet facilities for men and women.

Thank you for your time and consideration.

Sincerely,

Thad and Pamella Arquitt  
Arquitt Tacos, Inc. dba Chronic Tacos – Montgomery

---

## Chronic Tacos - Montgomery

Tel 720.980.9459  
parquitt@icloud.com

137 Fairwater Drive  
Montgomery, TX 77356

[www.chronictacos.com](http://www.chronictacos.com)

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**Chronic Tacos – Montgomery**  
 20212 Eva Street, Ste 200  
 Montgomery, TX 77356

**Proposed Hours of Operation**  
 Sunday – Thursday 10:00am – 9:00pm  
 Friday – Saturday 10:00am – 10:00pm

**Sign Information – We will have a building sign that will be similar to the other tenants in the Kroger shopping center. We will also have a panel on the monument sign that is off of Hwy 105. Here is a picture of our sign proposal:**



A FACE & HALO LIT CHANNEL LETTERS ON BACKER PANEL, PCO ACRYLIC FROTHING

MOUNTING 124 54 sq ft

**FACE & HALO LIT CHANNEL LETTERS**  
 3/16" 7320 WHITE ACRYLIC FACE  
 INTERNALLY ILLUMINATED w/  
 8000 WHITE 12V LEDS  
 1" BLACK TRIMCAP  
 840° X 5" BLACK ALUM RETURNS  
 1/8" CLEAR LEXAN BACKER  
 MOUNTED 1/8" FROM PANEL w/  
 SPACERS, ON 1/2" ALUM BACKER PANEL  
 PAINTED BLACK & RED



MONUMENT SIGN VIEW



80° ALUMINUM BACKER PANEL, PAINTED RED & BLACK

1/2" 7320 WHITE ACRYLIC LETTERS

INTERNAL BEARING

LED CHANNEL LETTER 42 TYPICAL  
 1/2" ALUMINUM BACKER PANEL  
 1/8" CLEAR LEXAN BACKER

1/8" SPACER & SCREW  
 WHICH PERMITS TO ASSEMBLY

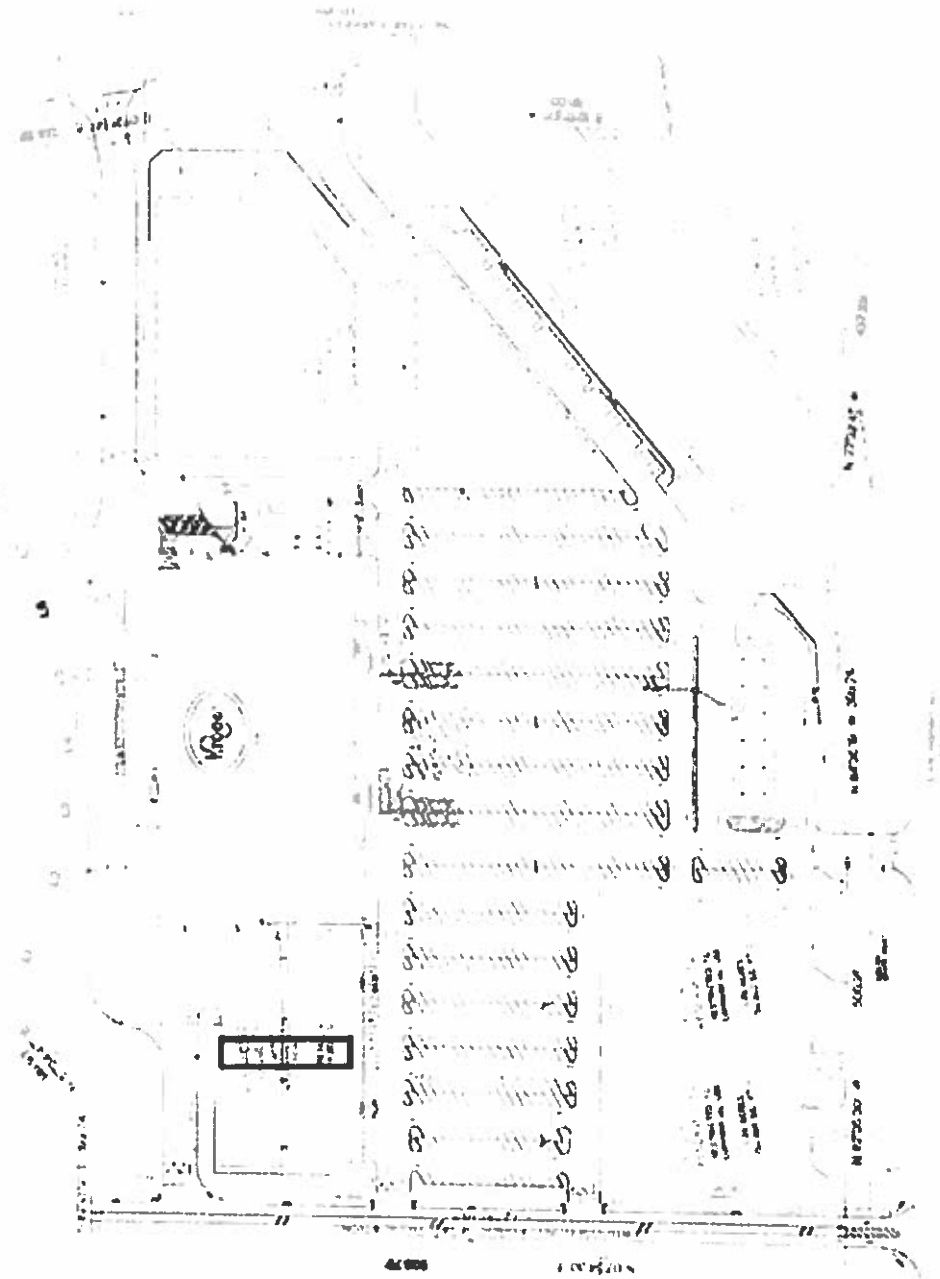
EXTERNAL ON/OFF SWITCH  
 1/2" ALUMINUM TRIMCAP  
 1/2" ALUMINUM TRIMCAP

ADJUSTED FITTINGS  
 AND CONNECTORS

1/2" ALUMINUM TRIMCAP  
 1/2" ALUMINUM TRIMCAP  
 1/2" ALUMINUM TRIMCAP

LED Face & Halo Channel Letter





Kings

N 7700 S

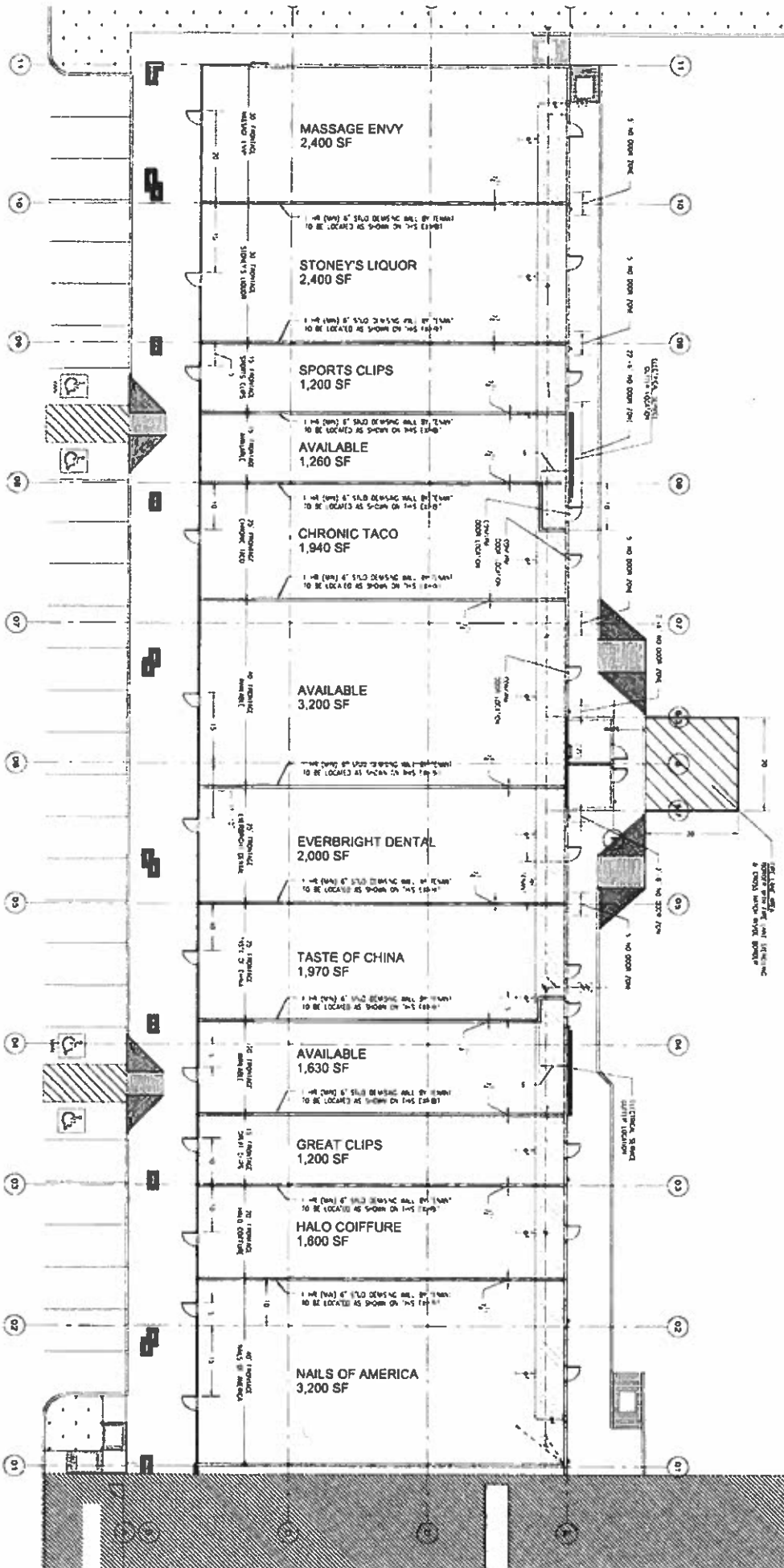
N 8000 S

N 8200 S

N 8400 S

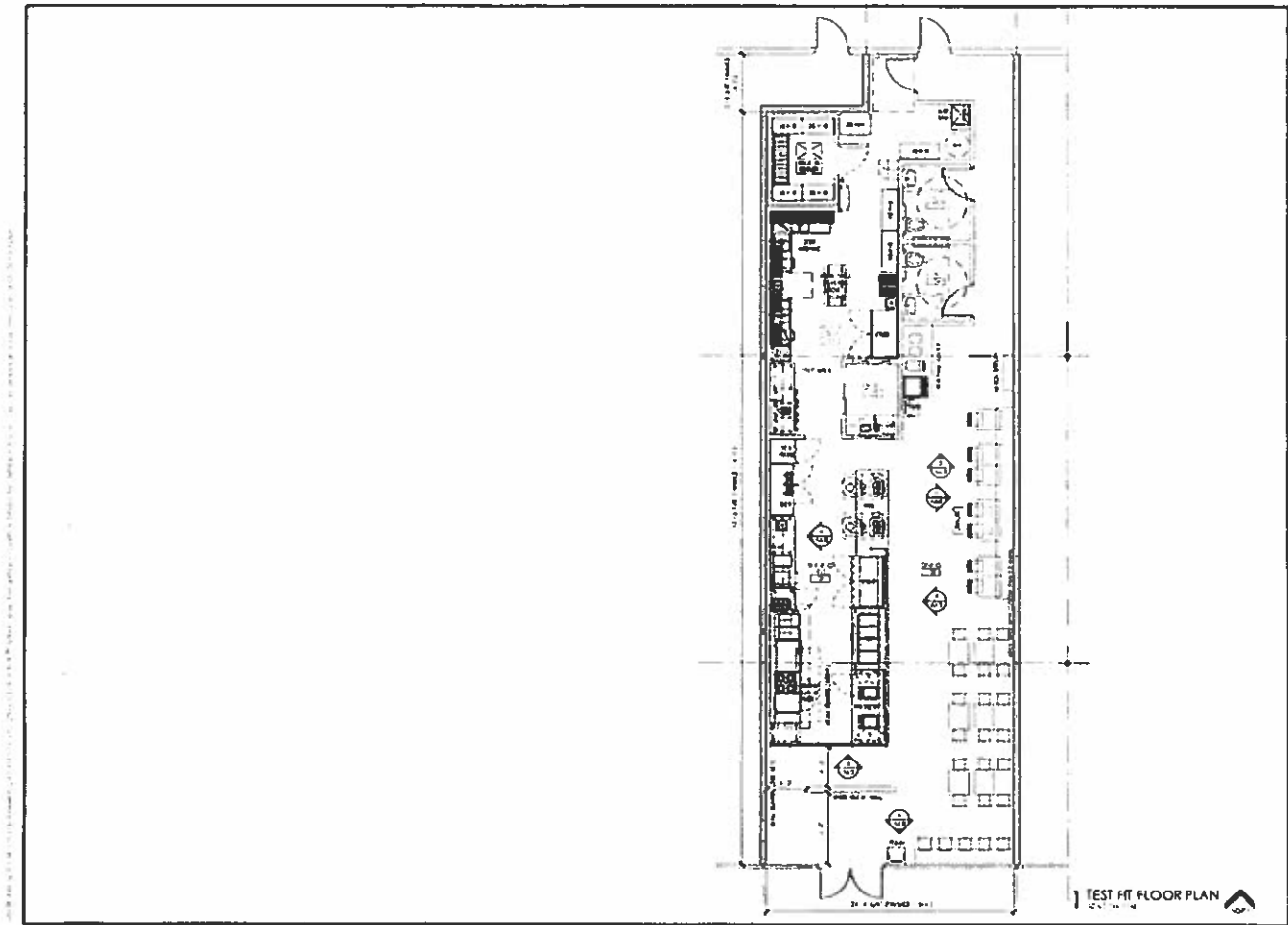


NOT TO SCALE  
FOR INFORMATION ONLY  
DATE: 10/15/11



1  
 NORTH

1 - 1/4\" (100) 8\" SLID BEARING BALL BE TYPED TO BE LOCATED AS SHOWN ON THIS PLAN



**MTM**  
Architecture

Architectural/Interior Design  
Planning  
Project Management  
Construction Administration

---

**CHRONIC TACOS**  
RESTAURANT

20012 PVA STREET, SUITE 200  
MONROVIA, TEXAS 75354

---

NO.	DATE	DESCRIPTION
1	10/1/14	ISSUED FOR PERMIT
2	10/1/14	ISSUED FOR CONSTRUCTION
3	10/1/14	ISSUED FOR OCCUPANCY
4	10/1/14	ISSUED FOR AS-BUILT
5	10/1/14	ISSUED FOR FINAL

---

TEST FIT FLOOR PLAN

A10

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 9, 2019</b>	<b>Budgeted Amount:</b>
<b>Prepared By: Jack Yates</b> City Administrator	<b>Exhibits: Encroachment agreement</b>
<b>Date Prepared: April 3, 2019</b>	

**Subject**

This is a request for an encroachment and maintenance agreement with Chick-Fil-A, Inc. for them to pave over several feet of city utility easement area and to place a canopy over a slightly lesser area on their building that is proposed.

**Description**

This is to allow the encroachment into the utility easement. The difference in the variance just granted and the encroachment agreement is that the Encroachment and Maintenance Agreement is for the long-term agreement of the improvements built on the easement-- whereas the variance was permission to build outside the building line to satisfy the zoning ordinance

Should the pavement or the canopy need to be moved/damaged due to needed repairs it is at no cost to the City- as provided in Section 3. c. of the Agreement.

Exhibit "A" of the Agreement shows the property and the encroachments in detail.

**Recommendation**

Motion to approve the encroachment and maintenance agreement with Chick-fil-A Inc. as presented.

**Approved By**

City Administrator	Jack Yates	Date: April 3, 2019
--------------------	------------	---------------------

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

STATE OF TEXAS

COUNTY OF MONTOMERY

**ENCROACHMENT AND MAINTENANCE AGREEMENT**

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, 2019, between the **CITY OF MONTGOMERY, TEXAS (CITY)** and **CHICK-FIL-A, INC.**, a Georgia corporation, its successors and assigns (OWNER).

**RECITALS**

OWNER is the owner of certain property (PROPERTY) located in the City of Montgomery, Texas at \_\_\_\_\_ Eva Street which is being developed by OWNER for a "Chick-fil-A" commercial fast-food restaurant.

The Property is a 2.1921-acre tract of land in the John Corner Survey, A-8, in Reserve C of the Shoppes of Montgomery Subdivision, Section 2, as found at Clerk's File No. 2018106945 of the Map or Plat Records of Montgomery County, Texas, as more particularly described in the plat attached hereto as Exhibit "A."

OWNER is proposing to install a drive-through canopy and paving ("the canopy and paving") to be located within the CITY water and sanitary sewer easement ("the public utilities") on the Property.

CITY and OWNER agree that CITY may in the future need to make major repairs to the City public utilities on the Property.

If future major repairs to the CITY's public utilities on the Property are required by CITY, the OWNER'S canopy and paving may need to be relocated or disturbed in order for CITY to perform the necessary repairs.

The canopy and paving shall be the property of OWNER and shall be maintained by OWNER. OWNER agrees that CITY shall not incur the expense of maintaining such or removing or replacing either when any repair work is completed by CITY.

CITY has agreed to the proposed plat of the Property and OWNER'S installation of the canopy and enclosure on and along the CITY public utilities easement, subject to the above recitals and the following terms and conditions agreed by OWNER.

**NOW, THEREFORE,** be it mutually agreed by OWNER and CITY as follows:

1. Consent to Encroachment. Subject to the above recitals and the terms of this Agreement, CITY hereby consents and allows OWNER to enter upon the above-described CITY public utilities easement on the Property for the purpose of installing, placing and maintaining the above-described canopy and paving upon the CITY public utilities easement.

2. Term. This Agreement shall have an indefinite term and shall run with the Property until the CITY and the OWNER, or its successors and assigns, agree to terminate this Agreement.

3. Conditions.

- a. Prior to any construction in or along the CITY public utilities easement on the Property, OWNER shall obtain all licenses or permits necessary to deliver, install and construct the OWNER'S canopy, paving or any other improvements on the Property.
- b. OWNER shall be solely responsible for the normal maintenance of the canopy and paving on the Property and shall maintain them to avoid any damage to or interference with the CITY public utilities, other public utilities, or the general right of CITY to utilize the easement for its intended purpose. CITY shall be responsible for major repairs to the public utilities (i.e., any work other than the normal maintenance required by OWNER.)
- c. CITY shall not be responsible to OWNER, its successors, assigns, or any other party for damages to OWNER'S canopy, paving, or other improvements on or along the CITY public utilities easement on the Property. CITY may, at any time upon reasonable notice, require the

relocation or removal of the canopy and paving over the CITY public utilities easement for the purpose of allowing CITY to make repairs to its public utilities. OWNER shall relocate such improvements promptly at its sole expense and shall not be entitled to compensation or damages of any kind.

d. OWNER shall notify the City in writing of any change in ownership of the Property.

4. Notices. Any notice required or permitted under this Agreement shall be deemed sufficient if delivered in hand or by First Class US Mail addressed to the parties as follows:

CITY

City of Montgomery  
ATTN: City Administrator  
101 Old Plantersville Road  
Montgomery, Texas 77356

OWNER

Chick-fil-A, Inc.  
ATTN: Patrick Davis  
5200 Buffington Road  
Atlanta, Georgia 30349

5. Indemnity. OWNER shall indemnify, defend and hold harmless CITY, its elected officials, officers and employees, from any claims, suits, causes of action, costs or damages arising from OWNER'S action or inaction relating to maintenance of the CITY public utilities easement by CITY or any improvements by OWNER on or along the public utilities easement on the Property.

6. Entire Agreement. This Agreement contains the entire agreement between the parties hereto. No promise, representation, warranty or covenant not included in this Agreement has been or is relied on by any party hereto.

7. Construction and Venue. This Agreement shall be construed in accordance with the laws of the State of Texas. Exclusive venue over any claim or cause of action arising hereunder shall be in the courts of Montgomery County, Texas.

8. Agreement a Covenant Running with the Land. This Agreement shall be recorded in the Real Property Records of Montgomery County, Texas and shall be a covenant running with the OWNER'S land and binding upon the OWNER'S successors and assigns.



**CITY OF MONTGOMERY, TEXAS**

By: \_\_\_\_\_  
Sara Countryman Mayor

ATTEST:

\_\_\_\_\_  
Susan Hensley City Secretary

State of Texas                   §  
  §  
County of Montgomery       §

This instrument was acknowledged before me on \_\_\_\_\_, 2019  
by SARA COUNTRYMAN, mayor of and acting in behalf of the City of Montgomery,  
Texas, for the purposes stated in the instrument.

\_\_\_\_\_  
Notary Public, State of Texas

*[signature of officer for Chick-fil-A, Inc. on following page]*



Exhibit "A"

2/19/2012 2:58:01 PM

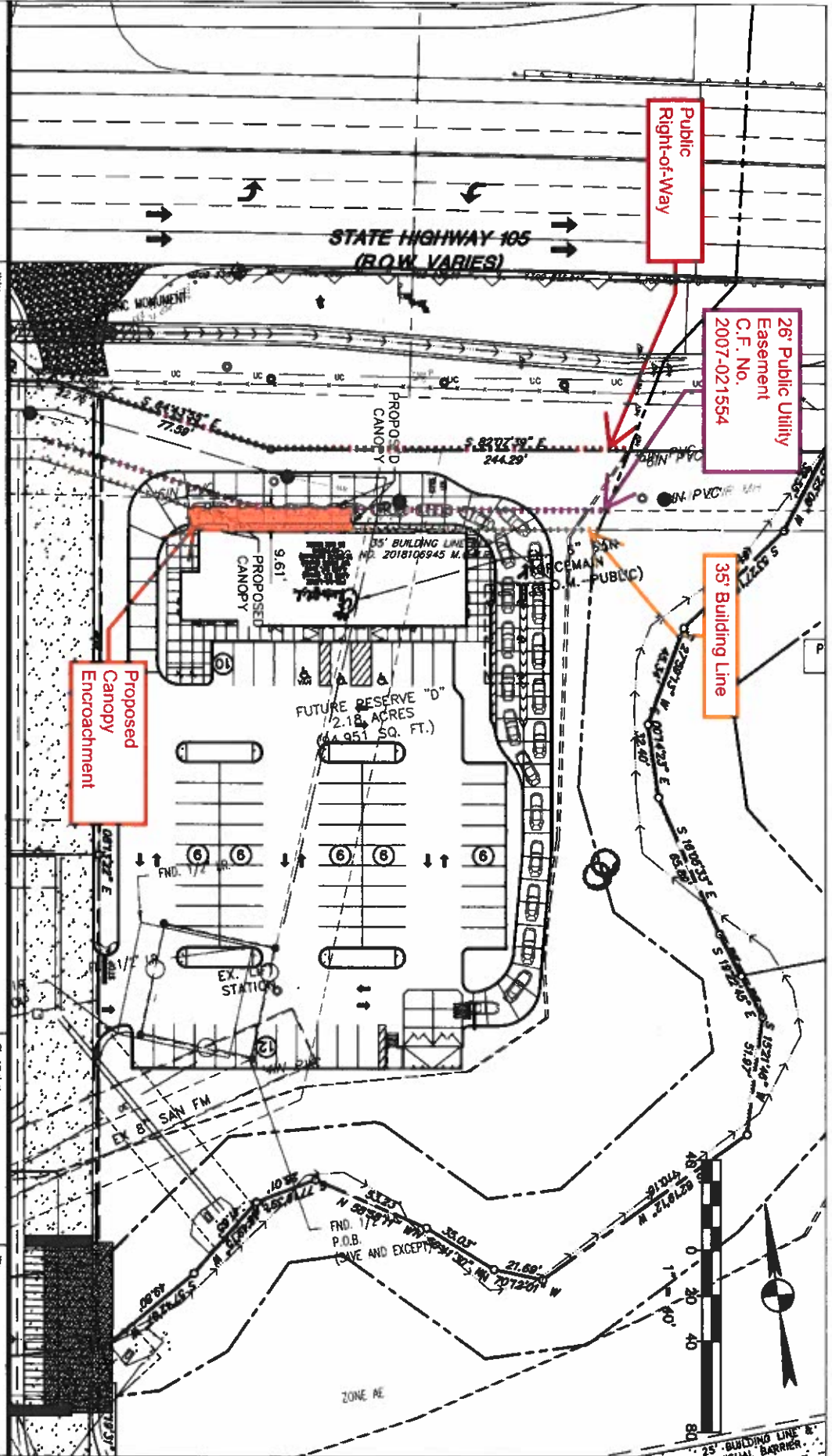
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**Stantec**

Stantec Consulting Engineers Inc.  
701 West Loop, #103 Suite 1100  
San Antonio, TX 78201-5873  
Tel: (781) 525-9090  
www.stantec.com

DATE: 4-1-2019  
DWG NO: 10114233



Public Right-of-Way

26' Public Utility Easement  
C.F. No. 2007-021554

35' Building Line

Proposed Canopy Encroachment

Client: CHICK-FIL-A  
Project: LONE STAR PARKWAY FSU  
Location: MONTGOMERY, TX  
Project No: 222011518

Site Plan Exhibit A

Revision: 1  
Date: 02/12/2019  
Figure No: 1

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 09, 2019</b>	<b>Budgeted Amount: N/A</b>
<b>Department: Administrative</b>	
<b>Prepared By: Dave McCorquodale</b>	<b>Exhibits: Letter from L2 Engineering Site Plan Aerial Image Letter from Jones &amp; Carter</b>
<b>Date Prepared: April 5, 2019</b>	

**Subject**

Consideration and possible action regarding Tree Ordinance Variance request for The Shoppes at Montgomery.

**Description**

The engineer of record for The Shoppes at Montgomery (L2 Engineering) has requested a variance from the tree ordinance requirements. No site design for any individual parcel has currently been submitted to the City.

The request is made specifically for the removal of 11 trees that interfere with the placement of the access driveways that connect to SH 105. The locations of the access driveways are determined by TxDOT to align with existing and proposed access points serving developments on the north side of SH 105 (i.e. TxDOT requires that access points on both sides of the highway correlate to one another in order to provide the safest traffic patterns as possible).



The request is to allow the preservation of 45% of tree canopy coverage for the current site plan in lieu of 100% replacement rate for tree removal required for access driveways.

The proposed ordinance currently requires 20% tree canopy coverage post-development.

**Recommendation**

Consider the request and act as you deem appropriate.

**Approved By**

Asst. to City Admin.	Dave McCorquodale 	Date: 4/5/19
City Administrator	Jack Yates 	Date: 4/5/19



March 11, 2019

Planning and Zoning Commission  
City of Montgomery  
101 Old Plantersville Road  
Montgomery, TX 77316

RE: Variance request regarding tree replacement for The Shoppes at Montgomery

According to Sections 78-172 through 78-179 of the City of Montgomery Code of Ordinances, tree replacement is required for the removal of any protected trees for any development. The Shoppes at Montgomery Phase III will need to remove several trees along SH 105 for two proposed driveways. These driveways were placed at this particular location as a requirement from Texas Department of Transportation to align with the existing driveways across SH 105. It is our understanding that there is a proposed ordinance in place that will likely replace the existing ordinance. We would like to request a variance that would allow the removal of the protected trees for the construction of the two driveways under the new proposed ordinance in lieu of the existing ordinance.

If we were to design to the existing ordinance, the construction of the proposed driveways will require the removal of 108 total caliper inches of existing protected trees. Under the current ordinance, this will require a replacement of 96 total caliper inches. This also requires 4 of the replacement trees to be at least 5". This will require a planting of approximately 30 trees onsite for 2 driveways. The replacement trees would be planted in any open area on the subject tract. As the overall tract develops, these replacement trees will likely be removed as they would not fall in line with the proposed user. The user would ultimately design their development to meet the new ordinance, since there are no expected developments in the timeframe before the new ordinance will be in effect.

If we adhere to the new proposed ordinance, this would require a canopy coverage of 20% of the overall subject tract. An aerial exhibit is attached showing the removal of the trees required for the construction of the driveways and a calculation of the remaining canopy coverage of the overall development. Approximately 45% canopy will remain on the subject tract until a new development is proposed. Upon development of each parcel, that particular user will be required to meet the existing ordinance, by either preservation or replacement.

It is for the above-mentioned reasons that we feel the variance requests should be considered and approved. Please feel free to contact me at 936-647-0420 if you have any questions or concerns.

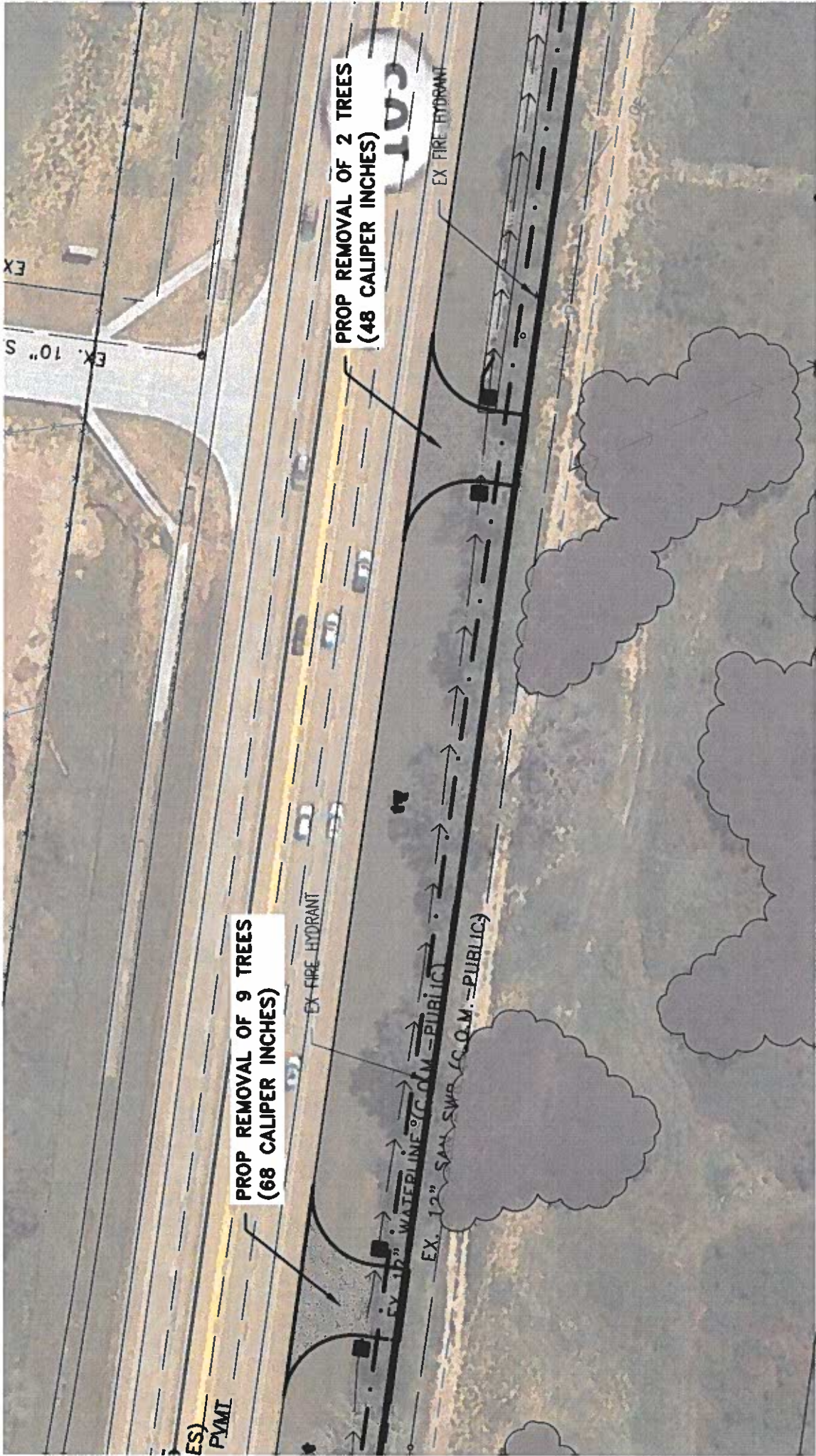
Thank you,

Jonathan White, PE  
L Squared Engineering

Attachments: Exhibit A (Aerial of Site with Proposed Canopy Coverage)







**PROP REMOVAL OF 9 TREES  
(68 CALIPER INCHES)**

**PROP REMOVAL OF 2 TREES  
(48 CALIPER INCHES)**

ES)  
PYMT

EX. 10" S  
EX

EX FIRE HYDRANT

EX. 12" WATERLINE (C.O.M. = PUBLIC)  
EX. 12" SAN. SWR (C.O.M. = PUBLIC)

EX FIRE HYDRANT





1575 Sawdust Road, Suite 400  
The Woodlands, Texas 77380  
Tel: 281.363.4039  
Fax: 281.363.3459  
[www.jonescarter.com](http://www.jonescarter.com)

March 21, 2019

The Planning and Zoning Commission  
City of Montgomery  
101 Old Plantersville Road  
Montgomery, Texas 77316

Re: Variance Request  
The Shoppes at Montgomery Development (Dev. No. 1018)  
City of Montgomery

Commission Members:

As you are aware, the Developer of the proposed commercial development on SH-105 plans to proceed with the development as a multi-use commercial site. The Developer is requesting the following variances from the City's Code of Ordinances and Design Manual:

- Section 78-175 (g): The Code of Ordinances requires all tree removal above 20 percent of the total existing caliper-inches of trees to be replaced on a 100 percent replacement rate. The Developer is requesting a variance to allow for 45 percent canopy coverage across the site instead of the required 100 percent replacement.

Enclosed you will find a request for variance as submitted by the engineer for the development and a preliminary tree preservation plan. It is important to note, it is our understanding the City is working to prepare a modified tree ordinance that would require 20 percent canopy coverage in place of the existing caliper-inch replacement requirement.

Assuming the City is in agreeance with proceeding with a coverage requirement in place of a replacement requirement, we offer no objection to the requested variance. Approval of the requested variance does not constitute plan approval and only allows the Developer to further refine the proposed site plans, which will require the full review and approval of the City.

If you have any questions or comments, please contact me.

Sincerely,

A handwritten signature in blue ink that reads 'Chris Roznovsky'.

Chris Roznovsky, PE  
Engineer for the City

CVR/kmv

K:\W5841\W5841-0900-00 General Consultation\Correspondence\Letters\2019\MEMO to P&Z RE Shoppes at Montgomery Tree Ordinance Variance Request.doc





**JONES | CARTER**

City of Montgomery  
Shoppes at Montgomery Development Variance Request

Page 2

March 21, 2019

Enclosures:      The Shoppes at Montgomery Development – Variance Request  
                         The Shoppes at Montgomery Development – Preliminary Tree Preservation Plan

cc:                    The Honorable Mayor and City Council, City of Montgomery  
                         Mr. Jack Yates – City of Montgomery, City Administrator  
                         Ms. Susan Hensley– City of Montgomery, City Secretary  
                         Mr. Larry Foerster – Darden, Fowler & Creighton, LLP, City Attorney

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date: April 09, 2019</b>	<b>Budgeted Amount: N/A</b>
<b>Department: Administrative</b>	
<b>Prepared By: Dave McCorquodale</b>	<b>Exhibits: BFP Installation Report Grease Trap Report Live Streaming Report</b>
<b>Date Prepared: April 5, 2019</b>	

**Subject**

Reports regarding several management issues recently discussed by City Council:

- a. Status of Backflow Prevention Device Installations;
- b. Status of Grease Traps within the City; and
- c. Status of Live Streaming City Council Meetings.

**Description**

Discussion of the BFP Install Program.

**Recommendation**

Consider the information and provide feedback as you see fit.

**Approved By**

Asst. to City Admin.	Dave McCorquodale <i>DM</i>	Date: 4/5/19
City Administrator	Jack Yates <i>JY</i>	Date: 4/5/19



## **Backflow Installation Program Summary**

### **Summary of Progress:**

- 26 Accounts Complete
- 12 In Progress
- 5 Accounts to Release Permits April 15<sup>th</sup>
- 10 Accounts Pending
- 5 Accounts Given No Response—Jack to Contact (Mike Muckleroy has already delivered second notice to these businesses)
- 3 Accounts Closed/Business Vacant
- All new accounts are required to install if needed

Details of individual account progress in attached spreadsheet

COMPLETED												
Address	Name of account	Device Type	Meter	DATE PAPER REC.	PERMIT DATE	INSPECTION DATE	INSPECTION PASS Y/N	BACKFLOW TEST DATE	DATE INVOICED	INVOICE AMOUNT		
13755 Liberty St.	Montgomery Middle School	RPZ	5/8"	2/27/2019	3/4/2019	3/20/2019	Y	3/12/2019	3/12/2019	\$2,552.50		
13900 Liberty St.	Montgomery Bus Barn	RPZ	5/8"	2/27/2019	3/4/2019	3/20/2019	Y	3/6/2019	3/5/2019	\$1,952.50		
14080 Liberty St.	C&S Feed and Supply	RPZ	5/8"	1/22/2019	2/5/2019	2/12/2019	Y	2/8/2019	2/5/2019	\$852.50		
14080 Liberty St.	C&S Feed and Supply	RPZ	5/8"	1/22/2019	2/5/2019	2/12/2019	Y	2/8/2019	2/5/2019	\$852.50		
20901 Eva St.	P.R. Infrastructure	RPZ	2"	12/26/2018	2/6/2019	2/12/2019	Y	2/8/2019	2/12/2019	\$1,252.50		
20821 Eva St. A (Woodforest)	Montgomery Trace	RPZ	2"	1/31/2019	2/5/2019	2/26/2019	Y	2/20/2019	2/5/2019	\$1,252.50		
21973 EVA	SPIRIT INDUSTRIES	RPZ	2"	1/22/2019	1/22/2019	2/4/2019	Y	1/24/2019	IND			
20423 Eva St.	First Baptist Church	RPZ	2"	1/19/2019	2/5/2019	2/12/2019	Y	2/8/2019	2/12/2019	\$1,252.50		
14340 Liberty St.	Cozy Grape	RPZ	5/8"	2/19/2019	2/19/2019	2/26/2019	Y	2/20/2019	2/26/2019	\$852.50		
14420 Liberty St.	Comm Center Building	RPZ	5/8"	2/12/2019	2/12/2019	2/20/2019	Y	2/12/2019	2/12/2019	\$795.00		
304 Caroline	KB'S Make-N-Take	RPZ	5/8"	1/29/2019	2/6/2019	2/12/2019	Y	2/8/2019	2/12/2019	\$852.50		
308 Caroline	KB'S Make-N-Take	RPZ	5/8"	1/29/2019	2/6/2019	2/12/2019	Y	2/8/2019	2/12/2019	\$852.50		
14740 Liberty St.	China Chapel Methodist	RPZ	5/8"	1/30/2019	1/30/2019	2/4/2019	Y	1/31/2019	2/5/2019	\$852.50		
611 Community Center Dr.	Mt Sinai Baptist Church	RPZ	5/8"	1/31/2019	1/31/2019	2/4/2019	Y	1/31/2019	2/5/2019	\$852.50		
21149 Eva St.	Terri Price (Little Acorn)	RPZ	5/8"	2/5/2019	2/6/2019	2/12/2019	Y	2/8/2019	2/12/2019	\$852.50		
14075 LIBERTY ST	Phil's Roadhouse	RPZ	5/8"	No Letter	2/21/2019	2/28/2019	Y	2/25/2019	IND			
700 MLK Dr.	Montgomery Intermediate	RPZ	5/8"	2/27/2019	3/4/2019	3/20/2019	Y	3/18/2019	3/19/2019	\$2,552.50		
718 Community Center Dr.	Homecoming Park Fountain	PVB	5/8"	2/12/2019	2/12/2019	2/20/2019	Y	2/12/2019	2/12/2019	\$795.00		
22985 W FM 1097	Abundant Life Ministries	RPZ	5/8"	2/12/2019	2/6/2019	2/12/2019	Y	2/8/2019	2/12/2019	\$852.50		
22465 W FM 1097	Riverhaven Shell	RPZ	1"	1/3/2019	2/6/2019	3/20/2019	Y	3/18/2019	3/19/2019	\$852.50		
2500 Lone Star Pkwy.	Mont County Comm Center	RPZ	2"	2/6/2019	2/14/2019	2/20/2019	Y	2/15/2019	2/19/2019	\$1,252.50		
21574 Eva St.	Thomas Printing	RPZ	1"	1/17/2019	1/17/2019	2/4/2019	Y	1/17/2019	IND			
21627 Eva St.	Lone Star Cowboy Church	RPZ	2"	1/25/2019	2/6/2019	2/12/2019	Y	2/8/2019	2/12/2019	\$1,252.50		
21587 Eva St.	Stowe's Wrecker Service	RPZ	5/8"	1/17/2019	1/17/2019	2/4/2019	Y	1/17/2019	IND			
21291 Eva St.	House Of Hair	RPZ	5/8"	1/4/2019	2/1/2019	2/12/2019	Y	2/8/2019	2/5/2019	\$852.50		
22150 Eva St.	Wapco ll/Napa	RPZ	5/8"	1/30/2019	1/30/2019	2/6/2019	Y	2/3/2019	IND			

IN PROGRESS												
Address	Name of account	Device Type	Meter	DATE PAPER REC.	PERMIT DATE	INSPECTION DATE	INSPECTION PASS Y/N	BACKFLOW TEST DATE	DATE INVOICED	INVOICE AMOUNT		
300 CB Stewart	Mara Moja/Ransom's	RPZ	5/8"	3/12/2019	3/13/2019	3/20/2019	Y	3/19/2019	3/19/2019	\$1,252.50		
21768 Eva St.	Solomon Electric	RPZ	5/8"	2/26/2019	3/4/2019	3/14/2019		3/6/2019	3/5/2019	\$852.50		
20850 Eva St.	Sam Houston Funeral Home	RPZ	2"	3/5/2019	3/6/2019			3/12/2019	3/19/2019	\$1,252.50		
21001 Eva St.	Brookshire Bros. Fuel Center	RPZ	5/8"	2/20/2019				2/27/2019				
21005 Eva St.	Brookshire Bros. Grocery	RPZ	5/8"	2/20/2019				2/27/2019				
20821 Eva St. G-L (Post Office)	Montgomery Trace	RPZ	2"	2/5/2019	3/18/2019							

20873 Eva St. M	Montgomery Trace	RPZ	2"	3/8/2019	3/8/2019		3/25/2019
20821 Eva St. P	Montgomery Trace	RPZ	2"	2/5/2019	3/18/2019		
21265 Eva St.	Little Angels Learning Acad.	RPZ	5/8"	3/15/2019	3/19/2019	JACK- 6 MTH PAY	
20774 Eva St.	Montgomery Elementary	RPZ	5/8"	2/27/2019			
700 MLK Dr.	Montgomery Intermediate	RPZ	5/8"	2/27/2019			
22628 Hwy 105/Stadium	Montgomery ISD	RPZ	4"	2/27/2019			

**RELEASE PERMIT APRIL 15th**

21100 Eva St.	Corner Stop Grocery	RPZ	5/8"	1/30/2019			
14050 Liberty St.	Gary Roth (Car Wash)	RPZ	5/8"	1/10/2019			
401 College	Kemifer Corporation	RPZ	2"	1/30/2019			
310 John A Butler	Montgomery Washateria	RPZ	5/8"	3/12/2019			
14275 Liberty St.	ALLYSON REED	RPZ	5/8"	12/26/2018			

**BEFORE MAY 1st**

204 McCown St.	Lloyd Ashbaker (Steakhouse)	RPZ	5/8"	3/7/2019			
300 Prairie	Hodge Podge Lodge	RPZ	5/8"	2/5/2019			
300 John A Butler	Yo Mama's BBQ	RPZ	5/8"			142.08 X 6 MTHS	
314 John A Butler	K9 Kuts	RPZ	5/8"	2/25/2019			
309 Pond St.	Living Savior Lutheran Church	RPZ	5/8"	1/31/2019			
308 Louisa	Living Savior	PVB	5/8"	1/31/2019			
15155 Liberty St.	Mt. Pleasant Baptist Church	RPZ	5/8"			JACK- 6 MTH PAY	
20821 Eva St. B-F	Montgomery Trace	RPZ	2"	2/5/2019			
20873 Eva St. Uncle Bob's	Montgomery Trace	RPZ	2"	2/22/2019			
300 John A Butler	Yo Mama's BBQ	RPZ	5/8"				

**NO RESPONSE**

21102 Eva St.	P&T Management	RPZ	5/8"				
14409 Liberty St.	Burger Fresh	RPZ	1"				
15030 Liberty St.	Old Ironworks	RPZ	5/8"				
20943 1/2 Eva St.	McDonald's	RPZ	5/8"				

**PENDING QUOTE APPROVAL**

115 Lone Star Bend	Loal Holdings	RPZ	5/8"	2/1/2019	PENDING	QUOTE	
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**ADDRESS VACANT**

14348 Liberty St.	Small Town Sugar	RPZ	5/8"				
22016 Eva St.	Texas Country	RPZ	5/8"				
312 John A Butler	Montgomery Barber Shop	RPZ	5/8"				\$27,645.00



## **City of Montgomery Grease Trap Program Review**

### **Goal:**

Conduct a review of locations in the City that have or need a grease trap and assess the adequacy of our policies and procedures for inspections. Fats, oils, and grease (commonly referred to as FOG) entering the sanitary wastewater system can cause damage to equipment and blockages in lines, which cost time and money to repair.

### **Objectives:**

1. Ensure that all businesses that should have a grease trap have one installed.
2. Review of the current grease trap fee to determine if the City is covering costs.
3. Recommend policy or procedure changes to improve the effectiveness of the program.

### **Summary of Findings:**

- 26 active grease trap accounts
- 2 inactive grease trap accounts (vacant)
- 3 accounts that had grease traps installed, but not billed or inspected
- 2 businesses are being contacted that need a grease trap installed
- 2 government facilities (community centers) and several city churches with food capability need grease traps installed according to code. Due to irregularity of food preparation activities, council should consider whether to except these facilities.

### **Other pretreatment measures to monitor:**

- 2 new car wash facilities have sand & oil separators
- Old car wash does not have any pretreatment measures in place—no issues noted to date; code require one, council should consider if pretreatment device should be required
- Periodic monitoring of procedures of auto repair facilities and other businesses that handle hazardous waste disposal



**Review of Procedures and Cost:**

The City’s fee of \$50/per inspection adequately covers our current grease trap inspection operations. Using our staff, the City’s cost is approximately \$10.50 per grease trap on average (the City doesn’t currently charge for reinspection if a business fails the monthly inspection, so this amount can vary based on the monthly inspection failure rate). A reasonable estimate of cost for city staff performing upgraded inspections is \$35 per trap (not including no-cost reinspection for failed inspections). Reinspection adds approximately \$10/trap to monthly cost per trap.

<b><u>Current Procedures</u></b>	<b><u>Additional Recommended Procedures</u></b>
Visual assessment of outflow pipe	Proper lid installation
Grease accumulation	Temperature
Physical damage to trap	Detailed measurements of available water capacity and grease accumulation
	Quarterly review of pumping manifest
	Time retention test (if needed)
	Oil sheen assessment
	Available water capacity
	Onsite pass/fail notification and review

**Policy Recommendations:**

- Consider charging for cost of failed inspection—if procedures are detailed enough to produce a quantifiable pass/fail determination.
- Implement monitoring and inspection program of pretreatment facilities (sand/oil separators, hazardous waste handling, etc).
- Consider whether in-house or third-party inspections are most conducive to achieving council goals.
- Consider exempting churches and government facilities from strict interpretation of code requirements.



## Livestream Meeting Summary

### Components:

- Video device—camera will depend on which setup/vendor selected
  - Wall/fixed mount vs. tripod & manual setup
- Audio—improve microphones/system settings regardless of streaming meetings; recommend wireless system, connectivity to existing soundboard TBD
- Lighting—worked with Public Works and electric contractor to improve lighting of Council dais and chambers.
- Bandwidth—we have enough to reliably stream in SD now and likely HD capability. Recommend testing to ensure reliable capacity. Bandwidth not a concern when City Hall gets fiber internet connection in several months.

### Points to consider:

- Low input/cost for operation
- Ease of user interface

### Streaming meetings: Social Media vs. Hosting Platform

#### Hosting Platform:

- Dedicated system and support
- Professional-quality end product
- Video can be indexed to agenda items
- Providers: Swagit (used by Conroe; high end all-in-one solution); Vimeo \$75/month+fees; Boxcast \$99/month+fees

#### Social media: (YouTube, Facebook Live, etc)

- Low cost of streaming meetings; no video equipment purchase & setup necessary
- Not an end-to-end solution = needs technical expertise + staff time
- Meeting video not indexed—one solid block of video with no chapters
- Cataloguing of meetings—YouTube doesn't arrange chronologically
- No control over what plays next—not necessarily from your own YouTube channel
- Comment policy—anyone can post anything and censorship of free speech may prohibit a city from taking comments down
- Social media is not free. Revenue comes from targeted ads and you don't own your content once uploaded. The City is allowing monetization of those watching meetings)