

**NOTICE OF PUBLIC HEARINGS and REGULAR TELEPHONE/VIDEO
CONFERENCE MEETING**

June 9, 2020

MONTGOMERY CITY COUNCIL

STATE OF TEXAS

AGENDA

COUNTY OF MONTGOMERY

CITY OF MONTGOMERY

NOTICE TO THE PUBLIC IS HEREBY GIVEN in accordance with the order of the Office of the Governor issued March 16, 2020, the Montgomery City Council will conduct its Regular Meeting scheduled for **6:00 p.m. on Tuesday, June 9, 2020**, at City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas via ZoomTeleconferencing.

This meeting will be closed to in-person attendance by the public. A temporary suspension of the Open Meetings Act to allow telephone or videoconference public meetings has been granted by Governor Greg Abbott. These actions are being taken to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting and in accordance with Section 418.016 of the Texas Government Code. Telephonic and videoconferencing capabilities will be utilized to allow individuals to address the City Council. Emails may also be submitted to shensley@ci.montgomery.tx.us by **3:00 p.m. on June 9, 2020**.

Members of the public are entitled to participate remotely via Zoom Teleconferencing. Citizens may join the Zoom Meeting by logging on at <https://us02web.zoom.us/j/86330053298> and using **Meeting ID: 863 3005 3298**. They may also join by calling (346) 248-7799 and entering the **Meeting ID: 863 3005 3298**. The Meeting Agenda Pack will be posted online at www.montgomerytexas.gov. The meeting will be recorded and uploaded to the City's website on the next following day.

Members of the public who wish to submit their written comments on a listed agenda item must submit their comments by email to shensley@ci.montgomery.tx.us by 3:00 p.m. on June 9, 2020.

CALL TO ORDER

INVOCATION

PLEDGE OF ALLEGIANCE TO FLAGS

PUBLIC HEARING(S):

Convene into Public Hearings for the purpose of giving all interested persons the right to appear and be heard regarding the following:

1. **Convene into Public Hearing** – By the City Council, acting as the Zoning Board of Adjustment, regarding a request for 5-foot side yard setbacks in lieu of the required 10-foot side yard setback for Hills of Town Creek Section Four, an 8-acre parcel located at the intersection of Emma's Way and Scenic Hills Court, as submitted by Chris Cheatham.

Adjourn Public Hearing.

2. **Receive Final Report** - from the Planning and Zoning Commission regarding a rezoning request for Hills of Town Creek Section 4, to rezone from B-Commercial to R-1 Single Family.
3. **Convene into Public Hearing** – **Regarding a rezoning request from B-Commercial to R-1 Single-Family:** for an 8-acre parcel of land located at the intersection of Emma’s Way and Scenic Hills Court, currently zoned B-Commercial to be rezoned R-1 Single-Family, as submitted by Chris Cheatham.

Adjourn Public Hearing.

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.

- State or type your name at the time of making your comment.
- Limit comment to a maximum of three minutes.

CONSENT AGENDA:

4. Matters related to the approval of minutes of May 26, 2020, Public Hearings and Regular Meeting.

CONSIDERATION AND POSSIBLE ACTION:

5. Consideration and possible action regarding the Annual Financial Audit for the year ending September 30, 2019, as prepared by Belt Harris Pechacek, LLLP.
6. Discuss issues related to services provided by Waste Management of Texas, Inc. under the Municipal Solid Waste Collection and Transportation Agreement and direct the City Administrator to take any necessary action following discussion.
7. Consideration and possible action regarding approval of the Agreement by and between the City of Montgomery and BGE Professional Services to perform the Limited Master Drainage Study for the Town Creek Watershed.
8. Consideration and possible action regarding adoption of the following Ordinance:
AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS AMENDING THE ZONING CLASSIFICATIONS AS DEFINED IN THE CITY CODE OF ORDINANCES CHAPTER 98, "ZONING," FOR LOT 16, AREA D, MONTGOMERY TOWNSITE SECTION FOUR FROM "R-1" SINGLE-FAMILY AND "B" COMMERCIAL ZONING DISTRICTS, AS FOUND ON THE CITY'S OFFICIAL ZONING MAP TO "B" COMMERCIAL ZONING DISTRICT CLASSIFICATION; AND TO AMEND THE OFFICIAL ZONING MAP; PROVIDING A SAVINGS CLAUSE; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE UPON PASSAGE AND PUBLICATION.

9. Consideration and possible action by City Council, acting as the Zoning Board of Adjustment, regarding a variance for 5-foot side yard setbacks in lieu of the required 10-foot side yard setback for Hills of Town Creek Section Four, an 8-acre parcel located at the intersection of Emma's Way and Scenic Hills Court, as submitted by Chris Cheatham.

10. Consideration and possible action regarding approval of a revised site plan and an additional cottage design for Moon Over Montgomery, as submitted by Larry Jacobs.

EXECUTIVE SESSION:

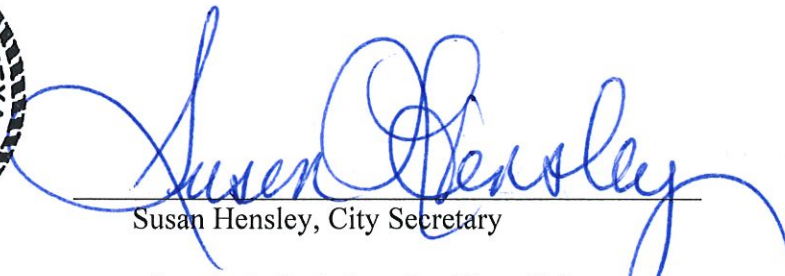
The City Council reserves the right to discuss any of the items listed specifically under this heading or for any items listed above in executive closed session as permitted by law including if they meet the qualifications in Sections 551.071(consultation with attorney), 551.072 (deliberation regarding 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. *(There are no items at this time.)*

COUNCIL INQUIRY:

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

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 5th day of June 2020 at 12:40 o'clock p.m. I further certify that the following news media was notified of this meeting as stated above: The Courier

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.

Montgomery City Council
AGENDA REPORT

Meeting Date: June 9, 2020	Budgeted Amount: N/A
Department: Administrative	
Prepared By: Dave McCorquodale	Exhibits: Engineer's memo, developer request letter, preliminary plat
Date Prepared: June 3, 2020	

Subject

Convene into Public Hearing – by the City Council, acting as the Board of Adjustment, regarding a variance request for 5-foot side yard setbacks in lieu of the required 10-foot side yard setback for Hills of Town Creek Section Four, as submitted by Chris Cheatham / The Hills of Town Creek, LLC.

Description

Section 98-122 of the Zoning Ordinance requires a side yard of not less than 10-feet in R1 – Single-Family Residential districts. The developer is requesting a 5-foot variance to allow for 5-foot side yards.

At the May 26th meeting, City Council approved variances for smaller lot sizes than required by ordinance for this 30-lot addition to the Hills of Town Creek subdivision. 5-foot side yards are typical for smaller lots like what has been built in Hills of Town Creek Sections 2 & 3 and what is being proposed here in Section 4.

Legal notice of this Public Hearing was posted on the City's website and published in The Courier on 05/19/2020 & 05/26/2020. Nineteen letters were sent to surrounding property owners with a copy of the legal notice, zoning map, and preliminary plat of the property.

Recommendation

Receive public comments for consideration on a separate agenda item later in the meeting.

Approved By

Asst. City Administrator	Dave McCorquodale <i>DM</i>	Date: 06/03/2020
City Administrator	Richard Tramm <i>RT</i>	Date: 06/03/2020



1575 Sawdust Road, Suite 400
The Woodlands, Texas 77380
Tel: 281.363.4039
Fax: 281.363.3459
www.jonescarter.com

April 29, 2020

The Planning and Zoning Commission
City of Montgomery
101 Old Plantersville Road
Montgomery, Texas 77316

Re: Variance Request
The Hills of Town Creek Sec. 4 (Dev. No. 2004)
City of Montgomery

Dear Commission:

The Hills of Town Creek, LLC ("the Developer") plans to proceed with construction of a new residential development along Emma's Way, north of SH-105. The Developer is requesting the following variances from the City's Code of Ordinances:

- Section 78-88: The Code of Ordinances requires single-family residential developments to have a minimum 75' lot width, 120' lot depth, and 9,000 SF lot area. The Developer is proposing to provide 50' wide lots with sizes ranging from 5,300 SF to 27,000 SF. Additionally, several lots are proposed to have average depths of as little as 110'. The Developer is requesting a variance to allow a 50' lot width, 110' lot depth, and to allow the minimum lot area to be 5,300 SF.
- Section 78-95: The Code of Ordinances requires that compensating open space be provided equal to the total reduction in lot size from the 9,000 SF minimum. The Developer is requesting a variance to not provide compensating open space.
- Section 98-122 (a): The Code of Ordinances requires single-family residential developments to have a minimum 10' side yard. The Developer is requesting a variance to allow a 5' side yard.

Enclosed you will find requests for variance as submitted by the engineer for the development and a copy of the preliminary plat. The lot size and side yard variances are consistent with the variances previously approved for Hills of Town Creek Sections 2 & 3. It is important to note that Hills of Town Creek Sections 2 & 3 did provide compensating open space. The Developer currently proposes no compensating open space for this section nor does this section have direct access to adjacent open space.

Approval of the requested variances does not constitute plan approval and only allows the Developer to further refine the proposed plat and site plans, which will require the full review and approval of the City. Additionally, the development still needs to go through the Utility and Economic Feasibility study process to determine if any improvements to existing infrastructure need to be considered.



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/ab

K:\W5841\W5841-0900-00 General Consultation\Correspondence\Letters\2020\MEMO to P&Z RE Hills of Town Creek Sec. 4 Variance Requests.doc

Enclosures: Redlined Preliminary Plat
Variance Requests

Cc (via email): The Honorable Mayor and City Council – City of Montgomery
Mr. Richard Tramm – City of Montgomery, City Administrator
Ms. Susan Hensley – City of Montgomery, City Secretary
Mr. Dave McCorquodale – City of Montgomery, Director of Planning & Development
Mr. Alan Petrov – Johnson Petrov, LLP, City Attorney



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): Chris Cheatham, Cheatham Management

Address: PO Box 234 Montgomery, TX Zip Code: 77356

Email Address: ccheatham@consolidated.net Phone: 936-449-5400

Applicants: L Squared Engineering

Address: 3307 W Davis Street, Suite 100 Conroe, TX 77304

Email Address: Jwhite@L2Engineering.com Phone: 936-647-0420

Parcel Information

Property Identification Number (MCAD R#): Part of R362322

Legal Description: Part of Tracts 54-C and 63A-1, within the Ben J Rigsby Survey, Abstract 31

Street Address or Location: Emma's Way and Scenic Hills Court

Acreage: 8.1365 Present Zoning: Commercial Present Land Use: Vacant

Variance Request

Applicant is requesting a variance from the following:

City of Montgomery Ordinance No.: 2014-03 Section(s): 78-88

Ordinance wording as stated in Section (78-88):
(C) Minimum width is 75'

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

Lot sizes will have minimum lot width of 50' similar to Hills of Town Creek Sections 2 & 3.



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): Chris Cheatham, Cheatham Management

Address: PO Box 234 Montgomery, TX Zip Code: 77356

Email Address: ccheatham@consolidated.net Phone: 936-449-5400

Applicants: L Squared Engineering

Address: 3307 W Davis Street, Suite 100 Conroe, TX 77304

Email Address: Jwhite@L2Engineering.com Phone: 936-647-0420

Parcel Information

Property Identification Number (MCAD R#): Part of R362322

Legal Description: Part of Tracts 54-C and 63A-1, within the Ben J Rigsby Survey, Abstract 31

Street Address or Location: Emma's Way and Scenic Hills Court

Acreage: 8.1365 Present Zoning: Commercial Present Land Use: Vacant

Variance Request

Applicant is requesting a variance from the following:

City of Montgomery Ordinance No.: 2014-03 Section(s): 98-122

Ordinance wording as stated in Section (98-122):

(a)(2) There shall be a side yard on each side of the lot having a width of not less than 10'

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

Side yards will have a setback on each side of the lot of 5' similar to Hills of Town Creek Section 3.

Signatures

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

Signature: Chris Christa Date: 4/13/20

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:

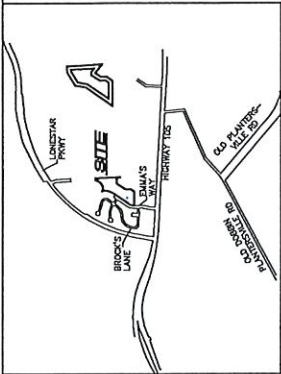
Cover letter on company letterhead stating what is being asked.

A site plan.

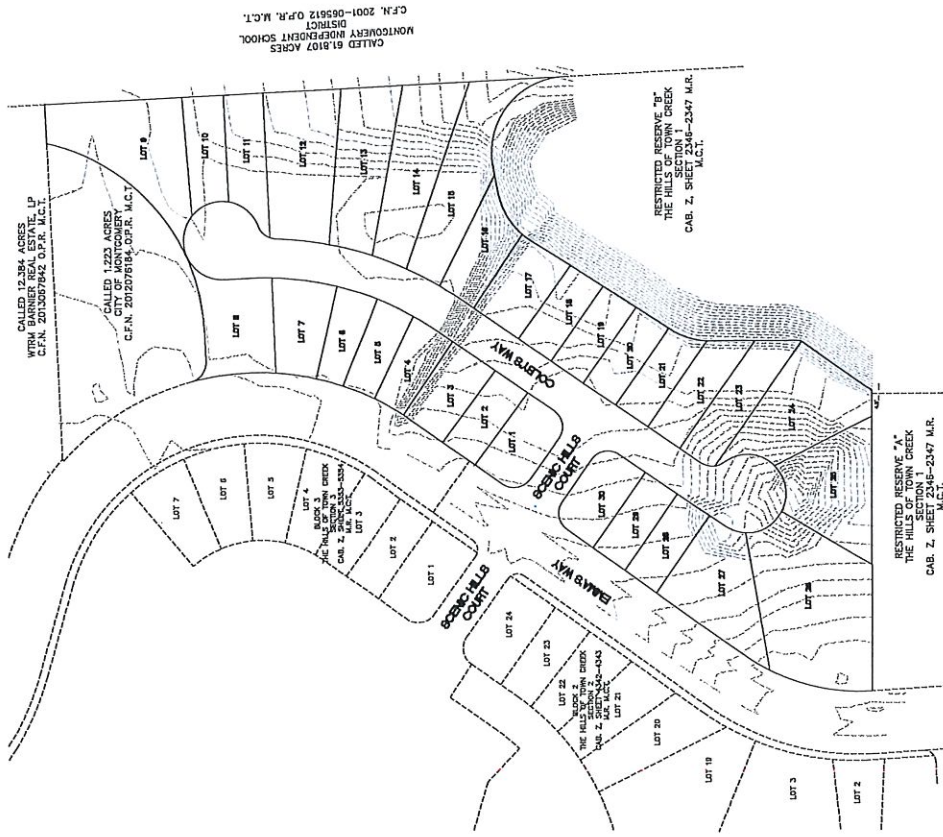
All applicable fees and payments.

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.

Date Received <i>Office Use</i>	
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LOCATION MAP
NOT TO SCALE



GRAPHIC SCALE
(IN FEET)
1 inch = 100 ft.

LEGEND / ABBREVIATIONS

- C.S. CABINET
- C.F.N. CLERK'S FILE NUMBER
- F.M. FROM
- I.R. IRON ROD
- O.P.R. OFFICIAL PUBLIC RECORDS
- C.P.R. COUNTY RECORDS
- M.C.T. MAP RECORDS
- R.O.W. RIGHT OF WAY
- V.E. VEGETATION
- S.T. SETBACK
- P.M. PROPERTY MARKER

CITY OF MONTGOMERY BENCHMARKS

- MONT 3 ELEV.=281.73
- BRASS DISK LOCATED FROM THE INTERSECTION OF HWY 103 AND HWY 420 TO THE N.E. CORNER OF LOT OF THE HERITAGE HOUSE RESTAURANT, WHICH IS LOCATED ON THE NORTH SIDE OF HWY 103.
- MONT 7 ELEV.=281.77
- BRASS DISK IS LOCATED IN THE CENTER OF MONTGOMERY ON THE SOUTH SIDE OF HWY 103. MARK IS IN FRONT (NORTH) OF GAS PLUMBING AREA OF BLOSSHIRE BUSINESS GROCERY STORE AS WELL AS HOUSE.

BENCHMARK

- BRASS DISK IN CONCRETE ELEV.=314.12
- BRASS DISK IN CONCRETE IN THE SOUTHEAST RIGHT-OF-WAY OF EMMAS WAY LOCATED NORTH WEST CORNER OF DISTANCE OF 2.11 FROM THE COMMON CORNER OF LOTS 1 AND 2, BLOCK 1, THE HILLS OF TOWN CREEK.

PRELIMINARY PLAT
THE HILLS OF TOWN CREEK
SECTION 4
A SUBDIVISION OF
8.1365 ACRES (354,425 SQ. FT.)
BENJAMIN RIGBY LEAGUE, ABSTRACT 31
MONTGOMERY COUNTY, TEXAS

30 LOTS 1 BLOCK
APRIL 2020

CORE
SURVEYOR
CORE ENGINEERING
LAND SURVEYING TBP.LS REG. NO. 1034560
10210 GROGANS MILL ROAD, SUITE 120
THE WOODLANDS, TX 77380
T: 281.321.1200
c@corelandsurveying.com

- GENERAL NOTES:**
- The coordinates shown hereon are Texas Central Zone No. 4204 State Plane Grid Coordinates (NAD83) and may be brought to address by applying the following combined scale factor 0.99992.
 - Distances shown along curves are arc lengths.
 - Flood Statement: This plat (proposed area) is situated in Zone "X" in Montgomery County, Texas according to FEMA map number 48333C0200C dated August 18, 2014. This statement does not imply that the property is in a flood hazard area or that the property is subject to flooding. The flood hazard information is provided for informational purposes only and is not the result of an elevation survey. This flood statement shall not create liability on the part of the surveyor.
 - All corners are set 5/8 inch iron rod with cap stamped "Core 6357" unless otherwise shown or noted.
 - In addition to the boundary line shown on the face of this plat, all lots shall have a minimum 5' side yard setback and a minimum 10' rear yard setback, unless otherwise noted.

Montgomery City Council
AGENDA REPORT

Meeting Date: June 9, 2020	Budgeted Amount: N/A
Department: Administrative	
Prepared By: Dave McCorquodale	Exhibits: P&Z Final Report
Date Prepared: June 4, 2020	

Subject

Receive the Final Report from the Planning and Zoning Commission resulting from their two (2) Public Hearings held on June 2, 2020 regarding a rezoning request for Hills of Town Creek Section Four, an 8-acre parcel of land located at the intersection of Emma's Way and Scenic Hills Court.



Description

The Planning & Zoning Commission held two Public Hearings to receive comments on the rezoning request for the proposed Hills of Town Creek Section Four. Attached is their Final Report of Findings and Recommendation.

Recommendation

Receive the Final Report of Findings and Recommendations from the Planning & Zoning Commission.

Approved By

Asst. City Administrator	Dave McCorquodale 	Date: 06/04/2020
City Administrator	Richard Tramm 	Date: 06/04/2020

PLANNING & ZONING COMMISSION FINAL REPORT OF FINDINGS AND RECOMMENDATION

TO: MONTGOMERY MAYOR AND CITY COUNCIL

FROM: PLANNING & ZONING COMMISSION

CC: RICHARD TRAMM, CITY ADMINISTRATOR
DAVE MCCORQUODALE, DIRECTOR OF PLANNING & DEVELOPMENT

SUBJECT: FINAL REPORT CONCERNING A PROPOSED RECLASSIFICATION OF HILLS OF TOWN CREEK SECTION FOUR, AN 8.14-ACRE TRACT OF LAND AT THE INTERSECTION OF EMMA'S WAY AND SCENIC HILLS COURT IN MONTGOMERY, TEXAS FROM B-COMMERCIAL TO R1-SINGLE FAMILY RESIDENTIAL, AS REQUESTED BY CHRIS CHEATHAM / THE HILLS OF TOWN CREEK, LLC.

Mayor and Members of City Council,

Pursuant to Sections 98-30 and 98-53 of the City of Montgomery Code of Ordinances ("the Code"), the Montgomery Planning and Zoning Commission met on June 2, 2020 to consider a request from Cheatham Management to reclassify the property as R1 – Single-Family Residential. A map of the property with the current zoning overlay is attached here as Exhibit "A."

After a second duly-noticed public hearing with an opportunity for public comments concerning the requested rezoning classification, the Commission at its June 2nd meeting thereby found:

- The property is currently zoned B-Commercial.
- The rezoning request for the entire parcel to be R1-Single-Family Residential is consistent with other developments in the vicinity.
- The commission found it is not contrary to the interest of the community to reclassify the land use zoning designation of the said tract to entirely B-Commercial.

- By a vote of 5-0 the members present (Britnee Ghutzman, Bill Simpson, Nelson Cox, Jeffrey Waddell, and Carol Langley) and following the public hearings, the Planning and Zoning Commission hereby presents this Final Report pursuant to Section 98-30 of the Code, recommending to **approve** reclassification the land use zoning designation of the said property on the Official Zoning Map of Montgomery Texas to R1-Single-Family Residential, thereby subject to all the requirements of Chapter 98 of the Zoning Code, City of Montgomery Code of Ordinances for that designation.

I, Nelson Cox, Chairman of the Montgomery Planning and Zoning Commission, on this 4th day of June 2020, certify the above Final Report to be true and correct to the best of my knowledge.

Signed: Nelson Cox
NELSON COX, Chair

Attest: Susan Hensley
SUSAN HENSLEY, City Secretary

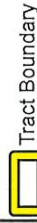


Exhibit "A"

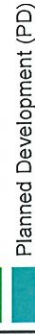


VICINITY MAP
1 INCH = 5 MILES

LEGEND

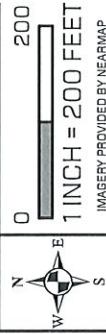


Zoning Classification



HILLS OF TOWN CREEK SEC. 4

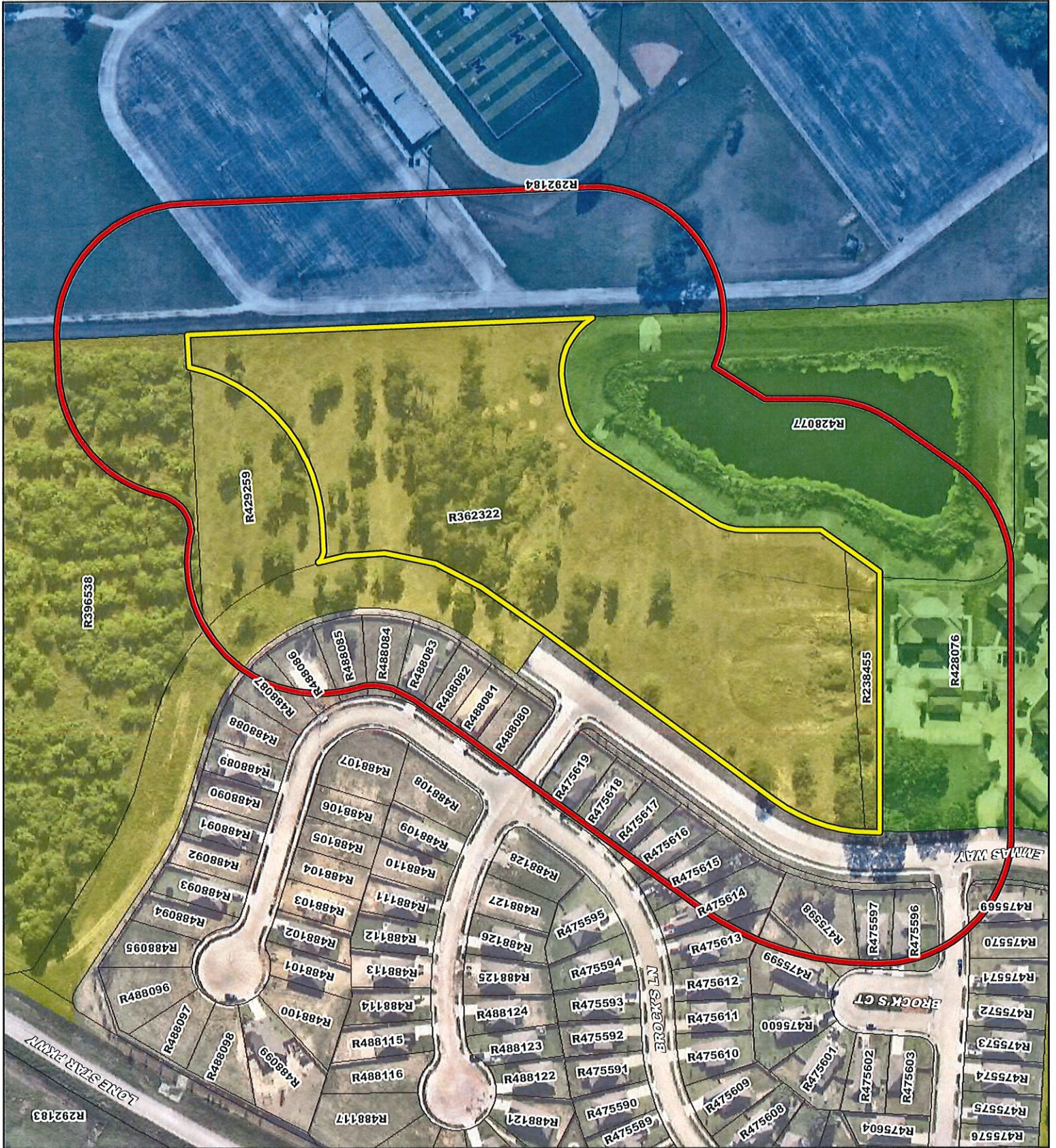
CITY OF MONTGOMERY
MONTGOMERY COUNTY, TEXAS



Disclaimer: This product is offered for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property, governmental and/or political boundaries or related facilities to said boundary. No express warranties are made by Jones & Carter, Inc. concerning the accuracy, completeness, reliability, or usability of the information included within this exhibit.



JONES CARTER
Texas Board of Professional Engineers Registration No. F-439



Montgomery City Council
AGENDA REPORT

Meeting Date: June 9, 2020	Budgeted Amount: N/A
Department: Administrative	
Prepared By: Dave McCorquodale	Exhibits: Map of current zoning surrounding property, preliminary land plan
Date Prepared: June 4, 2020	

Subject

Convene into Public Hearing – for the Hills of Town Creek Section Four, an 8-acre parcel of land located at the intersection of Emma’s Way and Scenic Hills Court, as submitted by Chris Cheatham / The Hills of Town Creek, LLC.

Description

The request is for a 30-lot addition to the Hills of Town Creek subdivision near the Montgomery High School. The property is currently zoned B – Commercial and is proposed to be rezoned to R1 – Single-Family Residential.

Nineteen property owners within 200-feet of the affected property were notified by mail, and Legal Notice was published on May 19th & May 26th.

The action for the rezoning will be on June 23rd. Action on the rezoning must occur more than 30 days after the first date of Legal Notice publication.

Recommendation

Receive public comments for consideration.

Approved By

Asst. City Administrator	Dave McCorquodale <i>DM</i>	Date: 06/04/2020
City Administrator	Richard Tramm <i>RT</i>	Date: 06/04/2020



VICINITY MAP
1 INCH = 5 MILES

LEGEND

200-ft Notification Boundary

Tract Boundary

MCAD Parcels

Zoning Classification

Commercial (B)

Industrial (D)

Institutional (I)

Multi-Family R2)

Planned Development (PD)

Residential (R1)

**HILLS OF TOWN
CREEK SEC. 4**

CITY OF MONTGOMERY
MONTGOMERY COUNTY, TEXAS



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JONES & CARTER
Texas Board of Professional Engineers Registration No. F-439



**MINUTES OF PUBLIC HEARINGS AND REGULAR TELEPHONE/VIDEO
CONFERENCE MEETING**

May 26, 2020

MONTGOMERY CITY COUNCIL

CALL TO ORDER

Mayor Sara Countryman declared a quorum was present and called the meeting to order at 6:01 p.m.

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

Absent: John Champagne, Jr. City Council Place # 2

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

INVOCATION

T.J. Wilkerson gave the Invocation.

PLEDGE OF ALLEGIANCE TO FLAGS

PUBLIC HEARING(S):

Convene into Public Hearings for the purpose of giving all interested persons the right to appear and be heard regarding the following:

1. **Convene into Public Hearing** – By the City Council, acting as the Zoning Board of Adjustment, regarding variance request for a front building line of 25-feet instead of the required 35-feet for the proposed Heritage III development along SH 105, west of the Louisa Street intersection, as submitted by Cheatham Management.

Mayor Countryman convened into the Public Hearing at 6:03 p.m.

Mr. Tramm stated this item was originally brought up March 10, 2020, however, there was not the required number of council members present to act as the Board of Adjustment from Council. Mr. Tramm said the properties are on the south frontage of SH 105, west of Louisa Street where two houses were demolished a couple of months ago. Mr. Tramm said instead of typical developments that place the parking lot near the street, the developer wants to locate the parking behind the building. Mr. Tramm said a legal notice that was published for this revised hearing date was posted on the City's website and published in the Courier on the 4th and 11th of May. Mr. Tramm stated 10 certified letters were sent to surrounding property owners with a copy of both the legal notice and a map of the subject properties. Mr. Tramm said Dave McCorquodale has put up an imagery of the proposed building and stated it is not for public action as of this time, but there is potential action for it later in the meeting and this is the opportunity for public comment.

There were no other comments.

Adjourn Public Hearing.

Mayor Countryman adjourned the Public Hearing at 6:04 p.m.

2. **Receive Final Report** - from the Planning and Zoning Commission regarding a rezoning request from R1-Single-Family to B-Commercial: for Lot 16, Area D, Montgomery Townsite Section Four, a vacant lot behind 21105 Eva Street, Montgomery, as submitted by Cheatham Management.

Mr. Tramm stated the Planning and Zoning Commission held two public hearings to receive comments on the rezoning request for the vacant lot behind Heritage Place and attached is their final report of their findings and recommendation.

Rebecca Huss moved to receive the Final Report of the Planning and Zoning Commission regarding the public hearings for rezoning Single-Family residential for Lot 16, Area D, Montgomery Townsite Section Four, and amending the official zoning map as submitted by Cheatham Management. Tom Cronin seconded the motion, the motion carried unanimously. (4-0)

3. **Convene into Public Hearing – Regarding a rezoning request from R1-Single-Family to B-Commercial: for Lot 16, Area D, Montgomery Townsite Section Four, a vacant lot behind 21105 Eva Street, Montgomery, as submitted by Cheatham Management.**

Mr. Tramm stated this request is for the vacant lot behind that's behind the Heritage Place building nearest to the Valero fueling station. Mr. Tramm said the property lies equally in two zoning districts. Mr. Tramm said it's both B-Commercial on the eastern half and R1-Single for residential on the western half. Mr. Tramm stated the owner has applied to rezone the entire property as B-Commercial and construct an additional surface parking lot to serve the Heritage Place development. Mr. Tramm said nine property owners have been notified by certified letter mailed on May 13th and a legal notice was published in the paper on May 4th and May 11th. Mr. Tramm said the action for the rezoning will occur on the June 9th City Council meeting day and the action on the rezoning must occur more than 30-days after the first date of legal notice publications. Mr. Tramm said for tonight Council is just here to receive public comments for consideration. Rebecca Huss stated just to be clear this is exactly the item that we took before as Planning and Zoning have already had their formal recommendation on this, but City Council then must have a public hearing as well. Mr. Tramm said yes this is the other item that was held over from March 10th for failing to have enough Council members here to act.

Mayor Countryman convened into the Public Hearing at 6:09 p.m.

There were no comments.

Adjourn Public Hearing.

Mayor Countryman adjourned the Public Hearing at 6:09 p.m.

VISITOR/CITIZENS FORUM:

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

There were no comments submitted.

CONSENT AGENDA:

4. Matters related to the approval of minutes of the Regular Telephone/Video Conference Meeting held on May 12, 2020.
5. Consideration and possible action regarding completion of a one-year warranty period for Lake Creek Village, Section Three and release of the maintenance bond.

Rebecca Huss stated she didn't have any concerns regarding either of the issues. Tom Cronin said he did not as well. T.J. Wilkerson asked if the Final Inspection report date was supposed to be June 2020 or May 2020. Mr. Roznovsky said this has been going on for a long time as the original inspection was back in October of 2018. Mr. Roznovsky said the main thing that was left was the ditch. Mr. Roznovsky said they went out there last week and said it was May 2020. T.J. Wilkerson said the document was showing June 2020. Mr. Roznovsky said the only thing they have been waiting on for a very long time was the roadside ditch, which is what the pictures are of. Rebecca Huss said she thinks T.J. Wilkerson is right to say on page 37 of the packet, someone is signing off in advance. Mr. Roznovsky agreed and said he will add the year to it because it will clarify the information and he will get that changed out and it will be added into the packet.

Rebecca Huss moved to accept the Consent Agenda as presented pending the clarification of page 37 for dates. T.J. Wilkerson seconded the motion, the motion carried unanimously. (4-0)

CONSIDERATION AND POSSIBLE ACTION:

6. Consideration and possible action on Department Reports.

A. City Administrator's Report and COVID-19 Update – Mr. Tramm advised he would report on Items A-E. Mr. Tramm said we are starting to see activity and life begin to resume a bit towards normal in the City. Mr. Tramm said Sip -n- Stroll has resumed starting two weeks ago as they were spacing different areas out and people were generally observing the term we have all gotten to know quite well social distancing. Mr. Tramm said Montgomery Mudbugs Festival has not yet had time to reschedule. Mr. Tramm said he's talked with the promoter and he is hoping once allowed to move that festival fairly quickly within two weeks with the events being allowed, the question is what kind of timeline will he be able to work on, we don't have answers to that question. Mr. Tramm said he and the Police Chief will be meeting with the Chamber to discuss how to conduct the Freedom Fest event that is coming up soon. Mr. Tramm said everyone is trying to get things back to normal and there are obvious challenges associated with that. Mr. Tramm said none of the three are specifically City events, but all would occur within the City.

Mr. Tramm said with regards to COVID-19, City Hall has reopened for the public coming in and we are asking to limit numbers in the lobby area. Mr. Tramm said so far there has not been a crowd begin to build up there, but we would ask them to wait out in the front if necessary. Mr. Tramm said there is also hand sanitizer available to the public as soon as they walk in and we are directing Court traffic through the left door and the Utility and Permit traffic through the right door, to do our best to move traffic along.

Mr. Tramm said in April, businesses do not file their sales tax reports until the end of May, so there is a lot of information about April's business activity that won't be available to us until next month, but said he has been doing some analysis and looking through our list of providers for sales tax. Mr. Tramm said one thing he thinks is working to the City's favor at the moment is the relative lack of large retail stores that some of the other cities in Montgomery County have so those shutting down and being large sales tax providers in those areas put them in more of a detriment than they are seeing in Montgomery. Mr. Tramm said he originally felt like he was expecting an average 30% sales tax reduction for the rest of the fiscal year, he thinks it will definitely be under that number, but until we have actual data, it is hard for him to offer conjecture on the item. Mr. Tramm said looking at the actual previous data, six of our top seven generating companies in the City account for over 55% of our sales tax collections and from the looks of their activities, he thinks they are likely to be at normal or greater in their April sales than previously, like Kroger, Brookshire Brothers, McCoy's, and Jim's

Hardware. Mr. Tramm said some of the remaining generating companies are also less likely to show a significant decrease and may even show an increase. Mr. Tramm said areas such as online shopping, cell phone companies, internet services are probably resistant and those are services a lot of people relied on during the shutdown period. Mr. Tramm said local retail shops and restaurants that were closed provide sales tax for the City, but they represent a smaller piece of the sales tax pie. Mr. Tramm said at the moment it's hard to come by too much significant real data but he's feeling much more comfortable that it won't be a crisis. Mr. Tramm said things will be tight and he has gone through with all department heads and identified areas where things can be cut and moved to another fiscal year and how to limit expenses. Mr. Tramm said each department has done their job and have identified a large portion of the money. Mr. Tramm said one thing which we'll take a side benefit from is the truck that was ordered by Public Works had its production delayed and we won't even have that available to us until next fiscal year so that's one example of money that can be moved from one year to the next. Mr. Tramm said we're not hiring new personnel and we've identified several hundred thousand dollars of items that we think will fill in for the gap that we will have. Mr. Tramm said he plans on having the sales tax consultant out here next month to report and following having that data, it won't be until July to get the best data in which to present the revised budget to Council, and then we'll be able to take that figure and walk right into budgeting for the next fiscal year.

Mr. Tramm stated each City official will be receiving an invitation to cyber security training. Mr. Tramm said it's being required from the last legislative session and must be completed by June 14th. Mr. Tramm stated it will be an online class so keep an eye out for it. Mayor Countryman asked who the invitation will be coming from to look out for. Mr. Tramm said Ms. Hensley will be coordinating it, however, the class itself will be conducted by TML in which you'll be given a link that will take you to the TML site and will be easy to identify. Mr. Tramm said if you have any questions or trouble with it to give him or Ms. Hensley a call and we will make sure we can get you through that. Mayor Countryman thanked Mr. Tramm.

- B. Public Works Report - Mr. Tramm said concerning Public Works, the street repairs that were started and contracted to Montgomery County Precinct 1 have been complete and they have also recently completed a street sign inventory of the City and transferred it to Excel. Mr. Tramm said they've also completed as a side project, which some of you may have seen in the downtown area, a decorative parking stop in just one area that was well-received on social

media and is something Public Works will look at progressing in the City as they have time between other projects.

- C. Police Department Report – Mr. Tramm said the RAD and Citizens Police Academy have been postponed until further notice and are mostly waiting on that for such activities to be able to resume.

- D. Court Department Report – Mr. Tramm said the Court is working on a plan with the Judge to obtain approval to resume full-court operations in June and they expect to have a regular full Court date on June 11th.

- E. Utility/Development Report – Mr. Tramm said regarding development within the City, the one big question he's been asked most in the last year is when does Chick-Fil-A open. Mr. Tramm said this week people finally got to see the answer to this question was May 21st and the public turned out in droves. Mr. Tramm said if anyone attending the meeting has not been to Chick-Fil-A, he thinks at this point if you're in this City and haven't, you're probably in the minority. Mr. Tramm said they definitely had a large traffic backup opening day. Mr. Tramm said he went over there today at lunchtime and they probably had 25 or more cars in the drive-thru lane, but they were getting those cars through in under 12 minutes. Mr. Tramm said they know how to move a high volume of traffic through that area. Rebecca Huss said there's no correlation between needing to restart the Court and opening Chick-Fil-A and having a traffic problem is there and asked if it was a coincidence rather than a correlation. Mr. Tramm said in his notes one was just before the other and is hoping there is no correlation between opening Court and Chick-Fil-A. Mr. Tramm said he had development down as his next item at that point following the Court. Rebecca Huss said there is some crazy driving with those chicken sandwiches. Mr. Tramm said in regards to the traffic out there, there is an area that he and the Police Chief have driven around and the Police Chief has been in contact with TxDOT related to some potential traffic issues that could occur on SH 105, so the Chief will make sure that stays on the TX Dot radar. Mr. Tramm said he does think the biggest potential traffic issue out there could be people trying to turn whether it's left from the westbound side of SH 105 into Chick-Fil-A or turning left out of Chick-Fil-A to go westbound where you are crossing several lanes of traffic in a way that is not optimal. Mr. Tramm stated he wouldn't be surprised if TxDOT takes some specific action in the future on that.

Mr. Tramm said one item that has just come up on his radar will belong on the development side. Mr. Tramm said in the last couple of days we've been advised that the Home Grant homes should enter the construction phase sometime in June but he didn't have more of a description of that other than sometime in June, but he imagines it will be closer to the end of the month. Mr. Tramm said he was advised later today that there will be some updated documents to extend the timeline to allow a June construction start for one of the homes. Mr. Tramm said they are intending to move all four of the homes on the same timeline. Mr. Tramm said there were originally three that were approved and there is just one more that just needs some final paperwork to be completed, but they are trying to get them all done at the same time. Mr. Tramm said one item he wanted to note moving on to the Utility report is if you looked at the reports closely, you will see that March posted 60-day arrears of \$2,244.17 for 23 accounts and April reported a similar amount of \$2,298.25 for 34 accounts so it's a much greater number of accounts for essentially the same dollar amount. Mr. Tramm said that discrepancy is due to one of the 23 accounts in March was reported at being almost \$900 in that category, which is well above what is usually in that range and that has since been collected and was the apparent discrepancy between a changing number of the accounts but essentially the same dollar.

Mr. Tramm said during this last month Ms. Ciulla, Utility and Permit Clerk completed her training for the billing software which she learned how to fully use the InCode software for that system. Mr. Tramm said one of those which is timely right now is being able to input a customer payment plan into the system so it will automatically report forward on the bills without having to be manually adjusted. Mr. Tramm said as we're returning to normal operations here at the City, we've given some slack to some of the customers who may have had financial issues and we are putting everyone who has a balance owed into a payment plan that we can work with them to get everyone on track so we are not extending them indefinite credit. Rebecca Huss asked if customers are making progress in paying down, she said she knew there were issues six years ago that the stealth payment plans were such that people were never catching up on their balances, asking if so are they paying off their current balance as well as making progress on their past. Mr. Tramm said yes, they are required to pay the current bill plus at least a one-sixth share of the back bill and that he is approving anything that goes beyond six months. Mr. Tramm said if there is some very extreme overriding concern, he would be happy to talk to an individual customer about that, but as of yet nothing like that has been brought to his attention. Rebecca Huss said she thinks that is reasonable.

Mayor Countryman said she noticed on the Police Department report there was a burglary and asked if that would happen to be the deer that broke through Rancher's Daughter or is that like a car burglary. Police Chief Solomon said no that was a car burglary and a burglary of a home, an outside attachment of the home, but no, it was not the deer although it caused a whole lot of damage. Mayor Countryman also said it has been brought to her attention by a lot of residents that we have a missing person in town. Mayor Countryman asked how we are addressing and working on that. Mayor Countryman said she sees through social media it is being socialized, and she has seen it in the Courier online, but what are we as a City doing. Police Chief Solomon said they found out a week later that the person was missing and last Friday they had Tomball bring in their gyro, which they flew over the area and tried to see if they could find the person. Police Chief Solomon said they did not find him. Police Chief Solomon said on Saturday morning around 8 a.m. they brought in a search team with dogs and searched the last place he was seen, but to no avail, they did not find him. Police Chief Solomon said our Investigator is working on the case every day and spoke again with the mother this morning and went to the home where he lived and looked at his room. Police Chief Solomon said they are still talking to a few people and said this person has done this before, but this seems to be a little bit unusual this time. Police Chief Solomon said last time he was found in Conroe, but he has been found as far away as the Dallas area. Police Chief Solomon said they are making all the different contacts and keeping it upfront. Police Chief Solomon said they have talked with a lot of different agencies, so we have it on our radar. Mayor Countryman said she didn't doubt their abilities, she just wanted to know how they were addressing that because she was being asked. Mayor Countryman thanked Police Chief Solomon.

- F. Water Report – Mr. Michael Williams with Gulf Utility Service, Inc. presented his report to Council. Mr. Williams said there were several district alerts as listed. Mr. Williams said all but one was weather-related and other than the weather-related one, there was a concerned citizen who called in noise at Water Plant #2. Mr. Williams said they had just put that plant back online and a pocket of air had made its way into the booster pump, so they were able to drain the air off and get it running normally again.

Mr. Williams said on the April daily affluent trend page, the month of April was 5.942 million gallons, the daily peak was on March 22nd with 493,000 gallons and daily average flow was

191,700 gallons. Mr. Williams said on page 5 are the discharge limitations and affluent monitor reports and all samples complied for April with 8.25 inches of rain. Mr. Williams said he wanted to point out the new rain gauge is out there so reports look a little bit differently, the thin blue line is the daily rainfall total and the higher blue highlight area is the intensity, which he has tried to remove but there is no way to remove it so he wanted to explain that because it can be a little misleading. Mr. Williams said on page 6 of the water report they pumped a total of 7.259 million gallons, flushed a total of 192,000 gallons, bringing us to a 100% accountability and recorded a total of 950 connections. Mr. Williams said the permanent increase that was reported last month was an error on Lonestar's side meant for the City of Magnolia, so he restored the permit amounts on the report so everything is recorded accurately and we are still 89% on the permit that was increased so we're still doing good there. Mr. Williams said pages seven, eight, and nine are supplemental charts and page nine is the water sold versus water treated and said there is an 84% return to the sewer plant for treatment.

Rebecca Huss said it seems like we have an I & I problem or potentially another gauge problem and it seems like our gauge is on a wave where you go from 25 to 40 to 50 to 60 to 70 to 80 percent return and it seems like it's a very convenient slope and it's not even related to how much water we pump, or the weather, it is not related to anything, it's just sort of on its own plan or we have an I & I problem still. Mr. Williams said they did have a bunch of I & I and said if you go back to that rainfall chart he explained you can see the intensity on some of these rainfalls is going to lead to a lot of infiltration. Rebecca Huss said the numbers are not making sense and you know that with two inches of rain we have a 77% return, which is still not entirely making sense. Mr. Williams said he can see where Rebecca Huss is coming from on that. Mr. Williams said he will need to get together with Public Works and investigate it further. Rebecca Huss said maybe get back to the idea of the predicted return number versus the actual return number that we are calculating at one point and see if those numbers are closer to a match. Mr. Williams said he would look at that as well. Rebecca Huss thanked Mr. Williams.

- G. Financial Report and Quarterly Investment Report – Mr. Anthony Lasky, Senior Accounting Clerk presented his report to Council. Mr. Lasky said going through the account balances, there is currently four and a half months' worth of reserve for the general fund and the TexPool rates have been a lot lower over the last month which he is keeping an eye on. Mr. Lasky stated he checked it today and it is currently at .22%. Mr. Lasky said after discussing with Mr.

Tramm, as well as Municipal Accounts, they're thinking if it gets to be .05 to .1 range that is when we may want to consider moving most of it to the checking account with First Financial, still keeping some of the accounts open so when the rates do go back up again we at least have that fund available. Mr. Lasky stated he is going to keep a good monitor on it just to make sure that if it does drop that we do not risk losing any of that money just to be safe. Mr. Lasky said there is two years reserve in the MEDC account and ten months reserve in the Utility fund. Mr. Lasky stated regarding the cash flow that last month he spoke with the City Engineer and they were able to refund seven of the current escrow agreements so those have been completed and taken care of. Mr. Lasky said in reference to the budget, he fixed the line item Rebecca Huss had mentioned in an email to him yesterday and so going forward they will make sure it will be a 12-month accrual to where it's the same amount going forward. Rebecca Huss said just so everyone knows, the sales tax in lieu of ad valorem tax number right now shows that we're way behind year-to-date, whereas right now we should be a little bit ahead and we will fall behind later, but the way Cathy Branco had it set up it showed that our target was the entire lump sum from the 12-month rate from month number one, whereas for the other ones it's divided by 12. Rebecca Huss said now the way Mr. Lasky set it up, we're shooting for the total number divided by 12 cumulative each month rather than the whole number, so it's the way the rest of the accounts are set up. Mr. Lasky agreed and stated if there is anything going forward that would be more preferred on a monthly basis which he and Mr. Tramm had discussed trying to do it monthly rather than quarterly, then that way it flows a lot more easily, definitely he's all for that for sure so that way there is a more consistent number and a more consistent transfer as well. Rebecca Huss said she appreciates how quickly Mr. Lasky has been dealing with things as they come up and tackling things. Rebecca Huss stated she knew MEDC was confused at one point because we were talking about the May numbers and somebody said this can't be the May sales tax because it's only the third Monday in May and someone else said no, they thought it was the real number, and it turns out yes, it was the number and it was something we'd never seen before so early, so she thanked Mr. Lasky. Mr. Lasky stated the only other thing he needed to point out is the quarterly investment report was also sent out with the regular reports.

- H. Engineer's Report – Mr. Roznovsky said the Baja Phase I & II improvements are being closed out by our Grant Administrator and he'll be working on that today with the switching of the contractor in termination of one and it's gotten complicated in trying to get everyone to understand that we're working through that. Mr. Roznovsky stated the downtown waterline

replacement will have bids at the July 14th meeting, which is later than we said at the last meeting, but once we got into addressing some of the concerns from the contractors and giving them the 30-day notice, our time to bid, so it is currently advertising in the paper that it won't be until the July 14th meeting.

Mr. Roznovsky said regarding Water Plant #3 improvements he's addressed all the comments from the TORC Committee and is submitting those to the Water Development Board for final approval this week, so once we receive approval back, we need to advertise for bids on that one. Rebecca Huss asked Mr. Roznovsky if he could give a summary as to what the comments from the TORC Committee included. Mr. Roznovsky said the main things were some clarifications on sizing and so what we're doing is adding some alternatives so the original scope had, for example, a 10,000-gallon hydramatic tank and we're going to put in an alternate bid for 15,000 gallons just to see if it makes sense to go ahead and get a little bit larger now versus later. Mr. Roznovsky stated it is the same thing for the booster pump and then there were some recommendations on changing out some of the gauges and placing the additional gauges to help with monitoring of the performance were the main points. Mr. Roznovsky stated this will give us the flexibility so if prices come in good and a 15,000-gallon tank isn't going to cost a lot more, we can make that decision at that time and also we'll get budget and everything else to see if we do that now, or the original plan was as older tanks wear out, instead of replacing them in time with the size they are, upsizing then, so we can weigh in both options when we get there. Rebecca Huss said she supposes if you have to do it later and it's much cheaper to get all of that capacity now, then you just do it as part of this one and we have the money that we're paying for and now that our interest rate we're receiving is even lower, then we should be spending our money sooner rather than later. Mr. Roznovsky agreed.

Mayor Countryman asked regarding the Baja Road water drainage improvement is that with MMG or are we no longer working with them. Mr. Roznovsky stated MMG is still involved in helping out, but they don't have anything to do now and what got complicated is the work that was completed by Bortex, but not paid to Bortex, and so it's trying to show the State that yes, the City needs to get that money back because the value of that work was included in the settlement agreement, but it's making that understanding that has been difficult. Mr. Roznovsky said MMG has provided everything they need to. Mayor Countryman asked if MMG was finished with the work. Mr. Roznovsky stated the only thing left, obviously their in the warranty grade so there is warranty stuff that needs to be addressed and the corner, but

the corner is not MMG, so Mr. Muckleroy has gotten prices on that and thinks that is moving forward as well, but a much better price than MMG provided. Mayor Countryman stated she was just making sure because she went down there and was looking at the roadwork by Precinct 1 and noticed that corner is still there and actually saw a guy from Precinct 1 fall down into the ditch and said that ditch is dangerous. Mayor Countryman said she has said it many times and is saying it again as well as the backstop at the Youngs and is continuing to talk about it because she is not hearing any updates. Mr. Roznovsky said where that stands is they got a price from MMG around \$25,000 to do the corner and everything else and Mr. Muckleroy got a price from Laurel Paving to do similar work, a slightly different scope but still works for half price of what it is so he believes they were moving forward with that and working out those details. Mr. Tramm said he wanted to add that he and Mr. Muckleroy were planning tomorrow afternoon, weather permitting to walk through that area, and go over the details with the work Laurel was proposing and how that compares with what MMG was proposing to do.

Mr. Roznovsky said regarding the lift station project from pictures in the report on page seven, there is the amount of \$145,000 for the contractor, as of April 27th he was 128% complete by time and only 58% by value since then, so the pictures in the report they have installed the generator, one of the light poles is in, as well as having the top slide poured for the lift station. Mr. Roznovsky said the low groundwork is done, minus piping, mechanical, etc., but the structural work is pretty well complete. Mr. Roznovsky said there is still a long way to go on the project and they aren't anticipating completion until closer to July or August now of this year based on their current schedule. Mr. Roznovsky stated they do have liquidated damages in the contract and are working through the City staff and the contractor to make sure those are addressed appropriately to cover the additional cost incurred up to that time. Rebecca Huss asked if we would get liquidated damages or will they call force now. Mr. Roznovsky said it is to be determined as they will be working through them. Mr. Roznovsky stated they have substantial delays and the delays have not been caused by anything but themselves, so we should be able to get liquidated damages on this contract, but we're working through them and we're going to start to continue to have those conversations early so we don't hit them at the end of the project with a large lump of liquidated damages. Mr. Roznovsky said they've been put on notice months ago that they were running late and there are liquidated damages in the contract of \$500.00 a day so they are aware of it, they're just behind. Rebecca stated she would like to get this done and done well, but they are a long way behind. Mr. Roznovsky

agreed and said they are substantially behind especially when the original end date was March 7th and they won't be complete until likely the end of July, first of August, so we're talking five months plus a delay on a project that was not supposed to take that long.

Mr. Roznovsky said regarding the developments, a couple of things to note from the plat reviews is he will be coming in tomorrow to sign two of the plats that are ready which are a mending plat for Montgomery Shoppes and a minor plat for Depado Development. Mr. Roznovsky stated on the development map you will see it's the north/west side of Plez Morgan between 1097 and Lonestar Parkway and that's all commercial reserves, no plans at the moment just platting so it can be subdivided. Mr. Roznovsky said Eagles Nest minor plat is a new name and that is the Plez Morgan townhome project on the east/south side of Plez Morgan the townhome development that is going in and we returned those comments earlier this month.

Mr. Roznovsky said there is nothing new to discuss regarding the one-year warranty and we've already discussed Lake Creek Village Section Three. Mr. Roznovsky stated one thing he did want to discuss is the Atkins Creek/FM 1097 Tx-DOT study that was done to determine how to address the erosion right by them and for future expansion of FM 1097. Mr. Roznovsky said if you look at the report, there are a couple of excerpts from their study and we have received confirmation from Tx-DOT today that they plan on going with alternate three which is what he included as well as they have an anticipated let date of January 20, 2021, to complete the work. Mr. Roznovsky said one thing it does not address, which he followed up with them today, was downstream. Mr. Roznovsky said this stops essentially at the curve where the fence line stops along Terra Vista. Mr. Roznovsky said if you are going down FM 1097 where the fence line goes adjacent to the creek where it ends is where the scope of this work ends. Mr. Roznovsky stated he's asked Tx-DOT a handful of questions regarding that because the intent or at least what we took from it was are we looking further downstream than that and said they did study it but their recommended improvement stopped short for them. Mr. Roznovsky asked Tx-DOT would the City be able to at least entertain if we had enough parties, a finance agreement with Tx-DOT to include all this in a scope of work, as well as how the structure of that agreement could look. Mr. Roznovsky said Tx-DOT is wanting the City's assistance in acquiring the additional Right-of-Way to do this structure and said they are working through the relatively new details and he wanted to show what Tx-DOT was proposing which is essentially just the first 230 or so feet of a concrete-lined ditch that drops. Mr. Roznovsky said it would ultimately be a four-lane with a middle medium. Mr. Roznovsky

stated what is being proposed in January 2021 is not the roadway, it's just the drainage work. Mr. Roznovsky said what Tx-DOT looked at was when they expand this to be four-lane, with a center median, how would the runoff from that be handled. Mr. Roznovsky stated again what would be in January 2021 is just on page 133 of the report and is the only thing being proposed by Tx-DOT that they would fund today and that's what we're working through to see if some options are there for additional funding and/or upping their scope of work because that doesn't address the erosion upstream or where it's backing up to the lots in Terra Vista. Mr. Roznovsky said he knows a new home builder has come in and purchased those lots that back up to the creek, so he is going to be wanting to know what is going to be left after this. Rebecca Huss asked just to be clear that he's not talking about the City participating in funding, but just getting Tx-DOT to extend their funding to include a wider scope of work. Rebecca Huss also said the City doesn't own anything in Atkins Creek. Mr. Roznovsky said correct and we only have an easement that crosses so it's more of helping push along for the property owners to come in and help find a solution. Mr. Roznovsky said when we met with them months ago that was what was proposed is their participation in coming up with a long-term solution and they were willing to participate obviously, no numbers or anything yet to it. Mr. Roznovsky said Tx-DOT now has what they have proposed seeing that there is a way to expand that and then going down that route with the property owners and Rebecca Huss was right, the City does not own property along Atkins Creek, it's on private property and it's not a City issue other than where it affects the City.

Mr. Roznovsky said the water well performance test is done twice a year on the wells that go through our operator and both results came back and reviewed and everything is working as it should and no action will be taken at this time.

Rebecca Huss moved to accept the departmental reports as presented. Kevin Lacy seconded the motion, the motion carried unanimously. (4-0)

7. Consideration and possible action regarding a Request for Verification of Exemption Information (Homestead, Over 65 and Disability Exemptions) for use on the 2020 Notices of Appraised Value and 2020 Assessment Rolls.

Mr. Tramm said the City's current exemptions are zero additional for Homestead, \$50,000 for Over 65 that effects 148 property owners in the City which includes a total reduction in taxes levied by the City of \$27,962.13, and a disabled Disability of \$70,000 exemption that affects 35 property

owners in the City for a total of \$12,779.32 reduction in the total taxes levied. Mr. Tramm stated that attached to the paperwork for this item is a list of current exemption amounts for regional cities and some other political entities noted in the orange box that highlights the surrounding city exemptions in our area. Mr. Tramm said also attached is the Montgomery Assessment role grand totals reports which contain details on total assessed valuation and various exemptions. Mr. Tramm stated attached are two versions of that report, one for properties that are under protest and one is for the properties that are not under protest, so those are meant to be added together and the properties that are under protest may be altered based on results of those protests. Mr. Tramm said we have until July 1st to return this item so it doesn't have to be done tonight and he's heard no comments from City Council previously that they were looking to amend these items, but it is being brought to Council for action here and available for action tonight.

Mayor Countryman said she remembers when they were all passed less than two years ago and thinks they are still current and does not think they are out of date. Kevin Lacy asked what the July date was to move on this item. Mr. Tramm said if the Council wanted to make any change, it would have to be made before July 1st and said he doesn't necessarily see there is a need for change and if you look at the other cities that are in our area, generally speaking, he thinks our exemptions are more than most and a couple that is more such as Shenandoah and the City of Houston, their tax base is significantly different than the City of Montgomery.

Kevin Lacy moved to maintain the current exemption amounts as they currently exist today, as we are in line with our neighbors. T.J. Wilkerson seconded the motion, the motion carried unanimously. (4-0)

8. Consideration and possible action of the City Council, acting as the Zoning Board of Adjustment, regarding a 25-foot front building line variance request instead of the required 35-feet for the proposed Heritage III development along SH 105, west of the Louisa Street intersection, as submitted by Cheatham Management.

Mr. Tramm said this is the Zoning Board of Adjustment item that was the subject of the hearing earlier tonight, Section 98-181 of the Zoning Ordinance calls for a 35-foot building set back along major streets. Mr. Tramm stated the developer is asking for a 10-foot variance to allow the front of the buildings to be set back 25-feet from the street. Mr. Tramm said in lieu of typical developments that place parking near the street, the developer is requesting to move the buildings toward the

street and locate the parking behind the building. Mr. Tramm stated this is an action item for the City Council acting as the Zoning Board of Adjustment and needs a supermajority of at least four votes in favor to pass.

Kevin Lacy asked to see a detailed picture of the parking garage behind the building. Kevin Lacy also asked if that's the same setback they are looking at with the other building as well. Mr. Tramm said the other Heritage building down the road, the red brick building closer to Valero is a 35-foot setback for the actual building structure by comparison to be 10-feet closer to the road. Mayor Countryman asked if Heritage Place Two is 25-foot then. Mr. White said Heritage Place Two is 35-feet. Mayor Countryman said buildings one and two have 35-feet and this would be the only one that's asking for the 25-feet of the three buildings of the same developer. Kevin Lacy asked if buildings one and two had parking behind it as well. Mr. White said yes. Kevin Lacy asked why is there a difference for the third and is it a size difference. Mr. White said correct and another one of the reasons is with Heritage Place Two, there was a different take on the Ordinance that required a buffer between the parking and the property line and we were 5-feet off there and we had already gotten the variance approved and the Ordinance refers to a 25-foot vegetative setback between R-1 and commercial development so with that one we were able to get five and this one we had 11 and we got a variance for that for the parking structure and we'll do a living wall system on that so we are a little bit further setback from the back of that garage structure to the property line by 6-feet. Mayor Countryman asked if there is the parking garage and then also additional parking. Mr. White stated the rendering that is on the screen is for a frame of reference only and it is not an actual rendering of their facility. Mayor Countryman asked if there was a rendering of an actual facility. Mr. White stated no they don't have one and this is just something that is in a complex in Conroe right now and we wanted them to be able to utilize that as what we will ultimately end up with, but until we get the general okay with these kinds of concepts and if we can get it approved with that we'll move forward with the actual architectural renderings to show you what the final product will look like.

Rebecca Huss asked if it would be possible to link the first variance with the 11-foot vegetative buffer and the living wall as a screening covering the entire south portion to the 25-foot setback on this one with the historic look and nature of this Heritage Place III color rendering. Rebecca Huss said she was sort of joking at the meeting that we discussed it but obviously once we give a variance, tied to what we intend the project to look like if something happens and again Mr. Cheatham was bought out by a big mattress company conglomerate who decides to build a completely different

concept if we don't nail down the look and style, what can be built to something completely different. Rebecca Huss stated part of that question is for Mr. McCorquodale or Mr. Tramm in terms of what we can do to link the two variances together and also to Mr. White in terms of if we grant this, she expects this building or something substantially similar to it with the historical style, the three stories, the brick pavers, and the four courts to be built and would like our motion to request that. Mr. McCorquodale stated he thinks with the action that you will take tonight; you can tie a condition like that to it and said he would let Mr. Petrov steer him in the right direction. Mr. McCorquodale said he does believe that you could condition this building line variance on a particular look or aesthetic or a material of a building that you would want to see. Mr. Petrov said correct, you can add conditions to any variance, just be as specific as you can so that when the plans do come in, the person reviewing can look at the variance, look at the conditions, and can judge whether the plans meet what was expected. Mr. White said to answer Rebecca Huss' question, he doesn't think they will have an issue and if you require it to have something similar to this architectural rendering you have on the screen, this is exactly what Mr. Cheatham wants to put up and I don't think he is going to settle for less. Rebecca Huss asked if she could have the proper terminology so she could write down, so she doesn't say like eyebrow windows which turn out to be something completely different and 10 times more expensive than what Mr. Cheatham was intending. Rebecca Huss said some of these architectural things have a different meaning to engineers than they might to civilians. Rebecca Huss said to give her a list of characteristics to get her what she wants. Mr. White said he will do his best given that he is not an architect and knows probably less of the terms himself. Mr. White stated he thinks we're going to want some of the brick paver systems in the front and it's been contemplated with the brick planter boxes or some kind of formal landscaping in the front and usually you have to fight Tx-DOT with that because they do like to come in and maintain a lot of those trees and cut off the limbs as they did in front of the first building. Mr. White added to brick all four sides and mobility is probably key between intersections because he thinks we are trying to create some kind of corridor down SH 105 between Heritage Place One, Two and this being Three, hopefully, to continue further down, but those are kind of some of the particulars. Mr. White said just for Kevin Lacy he brought up a couple of the dimensions for Heritage Place, the medical facility across the street. Mr. White stated the depth on that was 181 and he is getting a rough scale of about 169 to 170 on this lot so it is shallower.

Tom Cronin asked Mr. White if Mr. Cheatham anticipated doing retail on the entire first floor or is that just for the rendering. Mr. White said he would like to, and the idea would be like maybe some boutique shops or coffee shops, small little quaint restaurants like that, and then some of the other

floors could be a series of offices including medical. Mr. White stated things have slowed down a little bit given the current situation we're in with these spaces, but Mr. Cheatham is still talking to a lot of people, but within the last week this has started to come back up with people gaining more interest. Mr. White said they always have an intent of the user that will go in there and whoever is the end-user it sometimes will change, but the intent is to have some component of retail on the bottom and offices in the second and third stories. Mayor Countryman said they have thought in the past of making that an ordinance of having retail on the bottom and either living space or office space up top and asked if this is something that could institute here. Mr. White said he thinks it is difficult to plan how the user would be in this building given its current state. Rebecca Huss said she thinks our current ordinances don't allow for more than one living space above because it's not cumulative zoning. Mayor Countryman agreed and said but we can say office on top and retail on the bottom. Kevin Lacy said something similar to what's in The Woodlands Marketplace type situation. Rebecca Huss said that might be a better discussion to have with MEDC. Kevin Lacy asked if the intent with this is the one we are looking at as far as having the parking behind it and a three-story parking garage. Mr. White replied it will be a two-story for now and we will need to get to the required parking count. Mr. White said it is going to be something similar to the rendering shown, but this is more like steel piers and beams that go up, but we're going to try to decorate the back end a bit more, having a living wall system and we want the park and structure to kind of play off of the historic feel of the building and we don't want vast changes in what this is going to look like but it will kind of complement each other. Rebecca Huss said given the lack of zoning ordinances and such that were in place when the first Heritage Place building was built, she found the building itself to be a good addition to the area and she is certainly not averse to where we're going with this at all, but she likes to nail down details as she is that kind of person so that is certainly what she would like to do in getting this done. Kevin Lacy said he would like to see an actual rendering of the facility as well, if possible, of the front and back garage. Rebecca Huss asked Mr. White if he said it would be in a similar style or complementary style. Mr. White said yes the parking structure will complement the building and the structure that is shown on the screen is just from a building that was done in Conroe that gave us the idea of what we can do back here, but in no means will it look like that, it's just how the minimum space you have to work in plays off of this one. Mr. White said the only reason they haven't been able to turn the parking structure into a color rendering is that there is a lot of money and expense that goes into the architectural portions of that to get to rendering so we're hoping to be able to have some form of approvals by the Board of Adjustment, Planning and Zoning and Council, for some of these variances that we need so we can move forward with those expenses. Mr. White stated he thinks even the other

vegetative buffer variances that we did get earlier on was certain requirements to be met on that parking structure with the living wall system and things like that and having trust those will happen and we will have to be able to submit the plans and specs to the City for review so if we can get semi-specific on what you need to see, staff and consultants will be able to make sure what we are submitting is exactly what you need and if there is anything in question we can always bring it back to you. Rebecca Huss asked Mr. Tramm to confirm if anyone made comments on this issue in the public hearing. Mr. Tramm said no comments were made on this in the public hearing. Kevin Lacy asked if the neighbors behind did not have anything either way. Mr. White said he knows Mr. Cheatham has talked to them a couple of times, he does not know how recent, but they did not seem to have an issue in the initial conversations. Mr. White stated a letter was sent out to them as well. Kevin Lacy said he would like to see it move forward if he can get the details as far as verbiage and making sure it's substantially similar to what we're looking at. Kevin Lacy stated he would like to see that happen. Rebecca Huss asked if brick would be on all four sides. Mr. White replied yes. Rebecca Huss said that sounds like a lot of brick.

Rebecca Huss moved to approve the 10-foot variance to allow the front facade of the building to be set back 25-feet from the street for Heritage Place III with the caveat that this building is a three-story brick facade on all four sides, contain a brick paver system in front for the 25-feet, include formal brick planter boxes in front assuming that is acceptable to Entergy, obviously we can't interfere with electricity production, also that this includes historical architectural features and an aesthetic and architectural relief to the front facade or an approved equal system with a complimentary or similar parking structure or approved equal system on that as well. Kevin Lacy seconded the motion.

Discussion: Rebecca Huss asked Mr. White if she included anything outlandish. Mr. White replied no he did not think so.

The motion carried unanimously. (4-0)

9. Consideration and possible action regarding reducing or waiving water and sewer impact fees for a qualifying affordable housing project: Gulf Coast Estates Section Two, located at the end of Baja Road.

Mr. Tramm said you may recall this project was a subject of a flag lot of approval turning three lots into four at the end of Baja Road several months ago. Mr. Tramm stated the developer and contractor Walker Montgomery CDC is a 501(c)(3) that builds affordable housing and assist low-income individuals with low-interest financing to purchase the homes and they work with at-risk youth to build the homes through the Gulf Coast Trades Center in Walker County. Mr. Tramm said the project will be assessed impact fees as listed. Mr. Tramm stated the water impact fee would be \$5,008, the wastewater impact fee \$11,172 for a total of \$16,180. Mr. Tramm said their water and sewer tap fees separate from the impact fees and these would be \$14,860 for the project. Mr. Tramm said the Texas Local Government Code doesn't allow many exemptions for impact fees but the one he's familiar with that they do is for affordable housing and they could be exempted from those fees if approved by the City Council. Mr. Tramm said the four properties after construction would generate approximately \$2,400 a year and ad valorem tax for the City based on a \$150,000 home price and the City's current tax rate. Mr. Tramm stated two of the homes have started construction and permitting process and will take roughly one year to complete the remaining two will start construction after the first two are complete. Mr. Tramm said normally we wouldn't ask City Council to consider a reduction or waiver of impact fees especially because there are few exemptions allowed by law, but we feel this particular project might be worth the special consideration due to the Affordable Housing Benefit created by this project. Mr. Tramm stated this is not something he's brought forward to Council before so there's not been the previous discussion for him to have any basis of what Council's thought is, but this being the first opportunity in an area where it might be worthy is why he's bringing it to City Council at this time. Mr. Tramm asked if Council would even be willing to consider either a waiver or reduction of the impact fee for this project. Rebecca Huss said she thinks it is an acceptable 501(c)(3) nonprofit and she appreciates their goal of teaching people a trade so she would be fine with it. Mayor Countryman stated she felt that way as well and feels the impact fee is something we could certainly look at considering waiving and then keeping the wastewater tap fees. Rebecca Huss said the tap fees itself which are the cost of providing the service is something we need to keep in place, but it's the impact fee itself which is the future capacity cost is something they can waive. Mr. Tramm said that was how the staff was looking at it and why we thought this particular project was significantly worthy as a possibility to bring to Council. Tom Cronin asked if we do go forward then it's not a given, he assumes, but the other homes we would probably have the same request for the other three. Mr. Tramm stated what you see here are total amounts for what all four properties would be so group limit tonight would be the one time you would have to approve it and this would apply through all four of the homes. Mr. McCorquodale said he should have made note of it here, but the impact fees

are assessed at the time of the tap and two of the homes have taps and the last two homes will start next year so the other half of these impact fees wouldn't be assessed until 14 or 15 months from now. Rebecca Huss stated she would also like to point out that this money doesn't go into our unrestricted budget. Rebecca Huss said impact fees go into a separate account essentially to be saved and only spent on projects that are specifically designated in response to growth so like a future water tower or a future water treatment plant so this is not money that would replace lost sales tax but it's essentially money that would go into a bank account to be used maybe three or four years in the future. Mayor Countryman said it's limited in its usage.

Tom Cronin moved to waive the water and sewer impact fees for the qualifying affordable housing project Gulf Coast Estates Section Two located at the end of Baja Road. Mayor Countryman asked Tom Cronin if he was waiving both or waiving one. Tom Cronin stated he wanted to waive the water and sewer impact fees for the qualifying affordable housing project Gulf Coast Estates Section Two located at the end of Baja Road. Mayor Countryman thanked Tom Cronin. Kevin Lacy seconded the motion.

Discussion: T.J. Wilkerson asked who would get the waiver, would it be Walker Montgomery CDC or the Gulf Coast Trades Center. Mr. Tramm stated the waiver would be going to the Walker Montgomery CDC, the 501 3c. Mr. Tramm said the housing project itself is the Gulf Coast Estates Section Two, but the applicant is the Walker Montgomery CDC. Rebecca Huss said it's not actually money changing hands it's the lack of a bill from the City going to them. Mr. Tramm agreed.

The motion carried unanimously. (4-0)

10. Consideration and possible action regarding nominee(s) to serve the balance of the two-year term (currently held by Jack Yates) May 1, 2020 – September 30, 2020, and a nominee for the term October 1, 2020, through September 30, 2020, on the Montgomery County 9-1-1 Board of Managers.

Mr. Tramm stated this is a position that Jack Yates formerly served until there was a recent resignation from the position with the 9-1-1 Board of Managers. Mr. Tramm said he was one of two representatives appointed by the cities in Montgomery County. Mr. Tramm advised he let some other city administrators in the county know that he would be willing to serve as a replacement since that had been the previous administrator in that position and if Council is willing for that then

he would be happy to do that in that position. Rebecca Huss asked Mr. Tramm if he should have asked Council first. Mr. Tramm replied he probably should have, but you can always tell me no. Mr. Tramm said ultimately this is not the selection of whoever the person is, this is a nomination form and then ballots will circulate out to the City later. Rebecca Huss asked if there is a benefit to the City for this. Mr. Tramm said yes you will have someone plugged into the 9-1-1 Board if in the event there is something pertinent to this area then he would be able to get that data and be responsive to it sooner than most people would. Rebecca Huss asked what the cost to the City would be. Mr. Tramm stated the Board meets during the middle of the day in Conroe so once a quarter probably up to two hours of his time. Rebecca Huss stated she was fine with it if he is interested. Mr. Tramm stated he thinks from an interest point of view it would be worth doing on behalf of the City and then if he doesn't think this has time value in the long term he wouldn't be interested in repeating it. Rebecca Huss asked if they needed to make a motion. Mr. Tramm responded yes.

Rebecca Huss moved to nominate Mr. Tramm as a nominee for the unexpired term to run through from September 30th and as the regular term from October 1st, 2020, and September 20th, 2021. T.J. Wilkerson seconded the motion.

Discussion: Rebecca Huss stated just to clarify her motion is for the Montgomery County 9-1-1 Board of Managers, not for any other position.

The motion carried unanimously. (4-0)

11. Consideration and possible action regarding accepting the resignation of City Council Member, Place 2, John Champagne, Jr., effective May 13, 2020.

Mr. Tramm stated on May 13, 2020, he received the resignation letter from John Champagne, Jr. who was resigning from Montgomery City Council Place 2 and attached to the action item for Council today is to accept that letter.

Rebecca Huss moved to accept the resignation of Council Member Place 2 John Champagne, Jr. effective May 13, 2020. T.J. Wilkerson seconded the motion, the motion carried unanimously. (4-0)

12. Consideration and possible action regarding the vacant position of City Council, Place 2.

Mr. Tramm stated because he received the resignation letter immediately after the last Council meeting, to give the City Council the widest possible latitude of action, he took it upon himself and placed an announcement on the City's website about collecting applications and also posted to the City's Facebook page. Mr. Tramm said two applications were received which he emailed out to Council late this afternoon following him sending out that there were no additional ones received. Mr. Tramm stated he did this without any specific advice from Council because we had just had the meeting when the resignation came in so he wasn't sure if Council is going to want to act sooner or later and he was trying to give Council the widest possible latitude if Council wanted to try to appoint a replacement on a short schedule or if Council wants to do something else, but by all means, offer him the direction you need to give him and he will go in a different direction. Mr. Tramm said this matter is put to Council for how they want to act in this matter and if they want to do something else to let him know.

Tom Cronin said he thinks they should fill it as soon as possible but said he had a question for Mr. Petrov. Tom Cronin asked Mr. Petrov if there is an issue with one of the respective appointees running for another City Council position and if there is any legal issue regarding that since he has announced he is running for a position, not the same position, but is there any conflict or anything we should take into consideration. Mr. Petrov said the issue is that he would vacate that assuming he's elected come November. Mr. Petrov stated if he is elected to the other position, he would automatically vacate the one that he would be appointed to but there is nothing illegal about that if that is what you are asking. Tom Cronin said no, it wasn't a legality question it was more of an advantage. Mr. Petrov said that is something you must consider because placing people in as incumbents if the race is contested, is something to consider because it can be an advantage to a person. Rebecca Huss stated she thinks that would be her biggest concern with that issue but she hears Tom Cronin's thoughts on having somebody fill the position not only for what seems to be a steady stream of City Council acting as the Board of Adjustment but given the current health environment, there could be a time when one or two of us or more could be unable to fulfill our duties and it seems to make sense to have all five positions filled and it seems silly to have four on purpose. Tom Cronin said he agreed. Mayor Countryman said Randy Burleigh has been around for a long time and has a lot of experience with the City and we need it during this time with budgeting and everything else coming up too so it's good to see that someone that has been here a long time has thrown their name in the hat. Tom Cronin asked if they want to do it tonight or do we want to

give it two more weeks and allow for more applications and perspective nominees because he was not aware that this had been posted on the City site but again in all fairness, it's in Council's pleasure but in all fairness, he thinks they should say they will appoint someone at the next meeting. Rebecca Huss stated she couldn't be happier with Randy Burleigh as an applicant as he's been involved with the nitty-gritty of the City, but in terms with what we have ahead of us in terms of the difficulties with sorting out the numbers related to our budget and the water and sewer fund, there isn't anybody who likes getting down into the numbers quite the way Randy Burleigh does so she is perfectly comfortable going forward tonight, if she's on her own then obviously that won't happen.

Mayor Countryman asked how long we posted the opening. Susan Hensley stated she believed Mr. McCorquodale and the City Administrator posted it. Mayor Countryman asked if there a timeframe that's necessary and did we meet all the criteria. Mr. Tramm said he's not aware of any minimum amount of time frame. Mr. Tramm stated the City has wide latitude and how it might seek names and thinks they have done more than some areas that he is familiar with would do just by posting it publicly in that manner. Mr. Petrov stated Mr. Tramm is correct in that there is not any minimum requirement. Rebecca Huss said she can't remember the exact metrics, but she wants to say 600 people or so saw on the first day that it was posted on the City Facebook page. Kevin Lacy said it's safe to assume that it's almost been two weeks that if any other possible candidates would have been interested, they probably would have applied by this point. Mayor Countryman said they certainly would have been informed.

Rebecca Huss moved to nominate Randy Burleigh to fill the vacancy in City Council Place 2. T.J. Wilkerson seconded the motion, the motion carried unanimously. (4-0)

13. Consideration and possible action regarding authorizing the City Administrator to negotiate an agreement to conduct a Master Drainage Study of Town Creek Watershed with BGE for future City Council consideration.

Mr. Tramm stated the City staff originally received eight statements of qualification for this project and five engineering firms were selected for an interview and were considered by a staff committee consisting of the City Administrator, Assistant to the City Administrator, Public Works Director with the City Engineer acting in an advisory capacity for the staff committee. Mr. Tramm said it is the staff recommendation that BGE is the best firm for the City's needs for the master creative

study of the Town Creek Watershed. Mr. Tramm advised he is seeking the authority from City Council to negotiate an agreement to conduct the master graded study at the Town Creek Watershed with BGE and to bring that back to the City Council for future approval. Mr. Tramm said his goal would be to have it on the next agenda for City Council and if we're unable to reach an agreement with BGE, he would move on to HR Green as the second firm. Mr. Tramm said for the firms that they interviewed, he thinks they all were regarded as qualified and it was a difficult decision but everyone on the committee unanimously agreed for similar reasons that BGE was the best firm with HR Green being a close second. Mr. Tramm said the study will include a report on the hydraulics of the Anders Branch tributary to Town Creek including several roadway crossings. Mr. Tramm stated the study should deliver an initial results memo documenting the Anders Branch flow results to include removal of flow restrictions and a final written report with calculations, exhibits, models, final recommendations, construction cost estimates, and other relevant information for the City. Mr. Tramm said this information will be used while paid out of City funds will be used for a general Land Office grant that the City has already been awarded approximately \$2.2 million to design and implement drainage modifications. Rebecca Huss asked if this was related to Hurricane Harvey GLO money. Mr. Tramm said this is to identify the work for the GLO grant itself. Mayor Countryman asked if it was from Hurricane Harvey or Memorial Day Tax Day. Mr. Roznovsky said it was the Memorial Day tax day event and stated Montgomery County got a \$24 million grant and they had to distribute it between the cities so at that time they decided to base it off of population and cost of damage and with the bridge being damaged at that time, that's what got the City such a high proportion of the money. Rebecca Huss said she thinks we were the ones who told the County that they had ample opportunity to get that money. Mayor Countryman asked what the amount of money was. Mr. Tramm stated it was approximately \$2.2 million.

Tom Cronin moved to authorize the City Administrator to negotiate an agreement to conduct a Master Drainage Study of Town Creek Watershed with BGE for future City Council consideration. T.J. Wilkerson seconded the motion, the motion carried unanimously. (4-0)

EXECUTIVE SESSION:

The City Council reserves the right to discuss any of the items listed specifically under this heading or for any items listed above in executive closed session as permitted by law including if they meet the qualifications in Sections 551.071(consultation with attorney), 551.072 (deliberation regarding real property),551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation

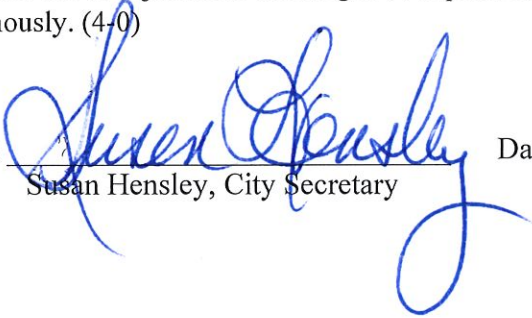
regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas. *(There are no items at this time.)*

COUNCIL INQUIRY:

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

ADJOURNMENT:

Rebecca Huss moved to adjourn the meeting at 7:48 p.m. T.J. Wilkerson seconded the motion, the motion carried unanimously. (4-0)

Submitted by:  Date Approved: _____
Susan Hensley, City Secretary

Mayor Sara Countryman

Montgomery City Council
AGENDA REPORT

Meeting Date: June 9, 2020	Budgeted Amount: N/A
Department: Administrative	
Prepared By: Richard Tramm	Exhibits: Draft Annual Financial Report for Fiscal Year Ended September 30, 2019
Date Prepared: June 4, 2020	

Subject

Discuss, consider and approve the Annual Audit of City of Montgomery finances for the Fiscal Year Ending September 30, 2019.

Description

The Audit will be presented by Darla Dear, Regional Director of Belt Harris Pechacek LLLP, via teleconference. Ms. Dear has informed me that there are no material weaknesses or significant deficiencies within their findings.


During the course of their audit, the auditors reviewed the fiscal year's transactions across all funds and accounts, as well as reviewing other items, including cash handling procedures and security processes, compliance with Public Funds Investment Act requirements, reviewing City Council Meeting minutes and City contracts.

Following their audit, I discussed several of their recommendations going forward. These include making more frequent bank deposits of funds received (a process which had already been implemented) and to make changes to the way the Public Improvement District No. 1 reimbursements (and the subject properties) are tracked so they would be separate from the General Fund, which we plan to incorporate into the next City Budget.

Recommendation

Discuss the Annual Audit report with the Auditor, as necessary, and accept the Annual Audit for the Fiscal Year Ending September 30, 2019.

Approved By

City Administrator	Richard Tramm 	Date: 06/04/2020



Required Auditor Disclosure Letter

June 2, 2020

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

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 of Montgomery, Texas (the "City"), for the year ended September 30, 2019. Professional standards require that we provide the City Council (the "governing body") with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 8, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated June 8, 2018.

III. Significant Audit Findings

1. *Qualitative Aspects of Accounting Practices*

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

- B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Estimates are used in the calculation of the net pension asset and the required annual contribution. The Texas Municipal Retirement System (TMRS) hires a licensed actuary to make key assumptions and to perform calculations, as well as an independent auditor to review those assumptions and calculations. We evaluated the reasonableness of the employee data provided by the City to TMRS.

- C. The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the City's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 2, 2020.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may

be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as identified in the table of contents, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

V. Restrictions on Use

This information is intended solely for the use of the Mayor, City Council, and management and is not intended to be, and should not be, used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: **City of Montgomery**
 Engagement: **Montgomery 09/30/19**
 Period Ending: **9/30/2019**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - AJE Report**

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1				
To record mixed beverage tax receivable at year end.				
001-00-11504	A/R Mixed Beverage Tax		9,685.93	
001-00-14103	Beverage Tax			9,685.93
Total			9,685.93	9,685.93

Adjusting Journal Entries JE # 2

Client adjusting entry.

001-00-12100	Payroll Liabilities		928.59	
001-00-12320	Retirement		5,068.45	
001-00-14102	Asset Forfeitures		1,564.61	
001-00-15350	Proceeds from sales		3,182.38	
001-10-16600	Wages		4,997.55	
001-10-17500.1	Sales Tax Rebate		36,071.00	
001-10-17500.2	380 Ad Valorem Tax Rebate		75,789.00	
001-12-17070.3	Watch Guard		4,659.18	
002-26364	Depreciation Expense		21,195.81	
005-52001	Accounts Payable Audit		76,900.00	
005-56001.8	Sales Tax Reimbursement		77,405.00	
007-71510	Due From General Fund		4,746.99	
001-00-12000	Accounts Payable			4,659.18
001-00-12000	Accounts Payable			111,860.00
001-00-12756	Due to Police Asset Forfeiture Fund			4,746.99
001-10-16560	Payroll Taxes			4,997.55
001-12-16560	Payroll Taxes			928.59
001-12-16560	Payroll Taxes			5,068.45
002-21619	Accum Depreciation			21,195.81
005-52001	Accounts Payable Audit			77,405.00
005-56001.8	Sales Tax Reimbursement			76,900.00
007-74102	Asset Forfeitures			4,746.99
Total			312,508.56	312,508.56

Adjusting Journal Entries JE # 3

To correct due to/froms in court security fund.

008-82710	Due To Gen Fund		1,020.00	
008-86551	Baliff Transfer to General Fund			1,020.00
Total			1,020.00	1,020.00

Adjusting Journal Entries JE # 4

To reverse client entry for accrued vacation.

001-00-12104	Accrued Compensated Absences		71,328.75	
001-10-16600	Wages			17,543.70
001-11-16600	Wages			3,928.30
001-12-16600	Wages			40,416.27
001-13-16600	Wages			9,440.48
Total			71,328.75	71,328.75

Client: **City of Montgomery**
 Engagement: **Montgomery 09/30/19**
 Period Ending: **9/30/2019**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - AJE Report**

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 5				
To reverse FEMA receivable recorded, not approved by FEMA as of audit date.				
006-43956.6	DR#4332- Atkins Creek F#4281		83,925.28	
006-41172	Due fr Fema - Disaster Relief			83,925.28
Total			83,925.28	83,925.28
Adjusting Journal Entries JE # 6				
To accrue payroll at year end.				
001-10-16560	Payroll Taxes		2,868.96	
001-10-16600	Wages		5,878.22	
001-11-16600	Wages		3,759.25	
001-12-16600	Wages		18,669.05	
001-13-16600	Wages		5,168.55	
002-26600	Wages		4,027.81	
002-26600	Wages		7,589.04	
001-00-12100	Payroll Liabilities			2,868.96
001-00-12100.1	Payroll payable			33,475.07
002-00-22100.1	Payroll Payable			4,027.81
002-26601	Compensated Benefits			7,589.04
Total			47,960.88	47,960.88
Adjusting Journal Entries JE # 7				
To accrue unbilled revenue at 9/30/2019.				
002-21505	Unbilled Revenue Receivable		21,196.05	
002-21510	Doubtful Accounts			5,804.74
002-24100	Water Revenue			15,391.31
Total			21,196.05	21,196.05
Adjusting Journal Entries JE # 8				
To record current year activity for TMRS pension liability.				
002-21900	Deferred outflows-contributions		2,177.13	
002-21905	Defd outflows-Investment experi		1,783.38	
002-21905	Defd outflows-Investment experi		10,189.75	
002-22900	Net Pension Liability			5,691.07
002-22905	Defd inflow-actual exp/assumpti			6,233.99
002-22906	Defd outflows-Assumption Chang			19.38
002-26502	TMRS pension expense			2,205.82
Total			14,150.26	14,150.26
Adjusting Journal Entries JE # 9				
To correct AP at year end				
003-37363	Paying Agent Fees		250.00	
003-32000	Accounts Payable			250.00
Total			250.00	250.00

Client: **City of Montgomery**
 Engagement: **Montgomery 09/30/19**
 Period Ending: **9/30/2019**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - AJE Report**

<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 10				
To correct property tax abatement posted to misc expense.				
001-10-17500.2	380 Ad Valorem Tax Rebate		9,901.46	
001-10-16590	Misc. Expense - Other			9,901.46
Total			<u>9,901.46</u>	<u>9,901.46</u>

ANNUAL FINANCIAL REPORT

of the

CITY OF MONTGOMERY, TEXAS

For the Year Ended
September 30, 2019

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CITY OF MONTGOMERY, TEXAS

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September 30, 2019

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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, 2019, 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. 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, 2019, 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, schedules 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
June 2, 2020

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

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CITY OF MONTGOMERY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

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 general government, municipal court, public safety and public works. 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 balances for the general fund, the debt service fund, and the capital projects fund, which are considered to be major funds for reporting purposes.

CITY OF MONTGOMERY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

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 \$10,529,391 as of September 30, 2019. A portion of the City's net position, 69%, 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, 2019

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

September 30, 2019				
	Governmental Activities	Business-Type Activities	Reconciliation	Total Primary Government
Current and other assets	\$ 5,878,874	\$ 1,632,963	\$ -	\$ 7,511,837
Capital assets, net	4,979,842	7,897,453	-	12,877,295
Total Assets	10,858,716	9,530,416	-	20,389,132
Deferred outflows - pensions	126,450	15,973	-	142,423
Deferred charge on refunding	3,082	-	-	3,082
Total Deferred Outflows of Resources	129,532	15,973	-	145,505
Long-term liabilities	8,594,783	6,582	-	8,601,365
Other liabilities	1,140,065	190,853	-	1,330,918
Total Liabilities	9,734,848	197,435	-	9,932,283
Deferred inflows - pensions	64,988	7,975	-	72,963
Total Deferred Inflows of Resources	64,988	7,975	-	72,963
Net Position:				
Net investment in capital assets	7,882,829	7,897,453	(8,523,454)	7,256,828
Restricted	503,525	-	-	503,525
Unrestricted	(7,197,942)	1,443,526	8,523,454	2,769,038
Total Net Position	\$ 1,188,412	\$ 9,340,979	\$ -	\$ 10,529,391
September 30, 2018				
	Governmental Activities	Business-Type Activities	Reconciliation	Total 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
Total Assets	10,858,457	8,373,297	-	19,231,754
Deferred outflows - pensions	56,331	5,154	-	61,485
Deferred charge on refunding	3,699	-	-	3,699
Total Deferred Outflows of Resources	60,030	5,154	-	65,184
Long-term liabilities	9,043,072	7,589	-	9,050,661
Other liabilities	1,041,747	150,644	-	1,192,391
Total Liabilities	10,084,819	158,233	-	10,243,052
Deferred inflows - pensions	46,962	5,053	-	52,015
Total Deferred Inflows of Resources	46,962	5,053	-	52,015
Net Position:				
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
Total Net Position	\$ 786,706	\$ 8,215,165	\$ -	\$ 9,001,871

A portion of the City's net position, \$503,525 or 5%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$2,769,038 or 26%, may be used to meet the City's ongoing obligation to citizens and creditors.

CITY OF MONTGOMERY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

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 \$8,523,454, 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 \$1,527,520 as compared to the prior year. Deferred outflows and deferred inflows of resources related to the City's pension plans increased compared to the prior year. Long-term liabilities decreased due to the reduction of debt during the year.

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	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 749,056	\$ 777,099	\$ 1,830,305	\$ 1,597,783	\$ 2,579,361	\$ 2,374,882
Operating grants and contributions	422,936	1,365,967	-	115,753	422,936	1,481,720
Capital grants and contributions	8,500	10,125	-	-	8,500	10,125
General revenues:						
Property taxes	1,026,980	827,025	-	-	1,026,980	827,025
Sales taxes	2,071,895	1,801,067	-	-	2,071,895	1,801,067
Other fees and taxes	155,097	136,322	-	-	155,097	136,322
Other revenues	545,179	856,094	278,771	302,933	823,950	1,159,027
Total Revenues	4,979,643	5,773,699	2,109,076	2,016,469	7,088,719	7,790,168
Expenses						
General government	1,166,038	655,202	-	-	1,166,038	655,202
Municipal court	358,875	427,661	-	-	358,875	427,661
Public safety	1,145,482	1,308,579	-	-	1,145,482	1,308,579
Public works	1,120,070	1,014,724	-	-	1,120,070	1,014,724
Interest and fiscal agent fees	220,507	240,753	-	-	220,507	240,753
Water, sewer, and sanitation	-	-	1,550,227	1,406,873	1,550,227	1,406,873
Total Expenses	4,010,972	3,646,919	1,550,227	1,406,873	5,561,199	5,053,792
Increase in Net Position Before Transfers	968,671	2,126,780	558,849	609,596	1,527,520	2,736,376
Transfers in (out)	(566,965)	204,221	566,965	(204,221)	-	-
Change in Net Position	401,706	2,331,001	1,125,814	405,375	1,527,520	2,736,376
Beginning net position	786,706	(1,544,295)	8,215,165	7,809,790	9,001,871	6,265,495
Ending Net Position	\$ 1,188,412	\$ 786,706	\$ 9,340,979	\$ 8,215,165	\$ 10,529,391	\$ 9,001,871

CITY OF MONTGOMERY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

For the year ended September 30, 2019, revenues from governmental activities totaled \$4,979,643, which is a decrease of \$794,056 from last year. This is primarily due to a decrease in operating grants and contributions, along with decreases in other revenues. These decreases were offset by increases in property tax, which is due to an increase in the property valuations, and the increase in sales tax, which is due to improved sales within the City. Capital grants and contributions decreased as a result of the completed projects in Community Development Block Grant and Federal Emergency Disaster Reimbursement grant program, administered through the Texas Department of Agriculture and the Texas Department of Public Safety, respectively. The decrease in other revenue was primarily due to funds received for sanitation sewer line extensions from a developer in the prior year.

For the year ended September 30, 2019, expenses for governmental activities totaled \$4,010,972. Municipal court and public safety expenses decreased but were offset by increases in general government and public works. The increase in expenses for general government can be mainly attributed to expenses associated with the chapter 380 property tax rebate and the PID property tax reimbursement.

Net position before transfers for business-type activities increased \$558,849 compared to the prior year. Revenues increased \$92,607 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 increased \$143,354 compared to the prior year due to an increase in operating 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 \$4,643,591. Of this, \$3,403,430 is restricted for various purposes. The remaining balance of \$1,240,161 is unassigned in the general fund.

There was a net decrease in the combined fund balance of \$160,148 compared to the prior year, due mainly to the capital projects fund. Capital projects had a use of fund balance to complete projects associated with the proprietary funds. 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 \$1,240,161. 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 34 percent of total general fund expenditures. The general fund demonstrated an overall decrease of \$25,815. 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 \$419,906, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$143,462. This increase can be attributed to the increase in property taxes for the year.

CITY OF MONTGOMERY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

The capital projects fund recorded a decrease of \$288,205 in fund balance. This is primarily due to the expenses for projects related to new businesses in connection with capital projects.

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.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned increase in budgeted fund balance in the amount of \$400 in the general fund. However, the net change in fund balance decreased by \$25,815, resulting in a net negative variance of \$26,215 from actual over budget.

Actual general fund revenues were less than final budgeted revenues by \$32,317 during 2019. This is mainly due to less sales taxes collected than anticipated, along with less fines and forfeiture revenue than expected.

Actual expenditures were more than budgeted amounts by a net \$20,303 for the fiscal year. Expenditures were more than anticipated in general government, public works, and capital outlay.

CAPITAL ASSETS

At the end of the current fiscal year, the City's governmental and business-type activities had invested \$12,877,295 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$604,141.

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 \$8,415,000. Of this amount, \$2,685,000 was general obligation debt, and tax and revenue certificates of obligation accounted for \$5,730,000.

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 2019-2020 expenditure budget of \$4,195,558, which is an increase of \$600,692 from the prior year budget. The City budgeted for fiscal year 2019-2020 revenues of \$4,195,558, which is an increase of \$371,399 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 2019-2020 fiscal year.

CITY OF MONTGOMERY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

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 Richard Tramm, 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, 2019

	Primary Government			
	Governmental Activities	Business-Type Activities	Reconciliation	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 2,566,517	\$ 1,152,907	\$ -	\$ 3,719,424
Cash with fiscal agent	2,526,197	-	-	2,526,197
Investments	200,000	-	-	200,000
Receivables, net of allowances	495,135	368,158	-	863,293
Internal balances	3,019	(3,019)	-	-
Due from primary government	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	104,860	-	104,860
	5,790,868	1,622,906	-	7,413,774
Net pension asset	88,006	10,057	-	98,063
Capital assets:				
Nondepreciable capital assets	931,249	622,259	-	1,553,508
Depreciable capital assets, net	4,048,593	7,275,194	-	11,323,787
	5,067,848	7,907,510	-	12,975,358
Total Assets	10,858,716	9,530,416	-	20,389,132
<u>Deferred Outflows of Resources</u>				
Deferred outflows - pensions	126,450	15,973	-	142,423
Deferred charge on refunding	3,082	-	-	3,082
Total Deferred Outflows of Resources	129,532	15,973	-	145,505
<u>Liabilities</u>				
Accounts payable and accrued liabilities	1,067,947	85,993	-	1,153,940
Accrued interest payable	17,893	-	-	17,893
Due to other units	54,225	-	-	54,225
Customer deposits	-	104,860	-	104,860
Noncurrent liabilities:				
Long-term liabilities due within one year	519,196	5,924	-	525,120
Long-term liabilities due in more than one year	8,075,587	658	-	8,076,245
Total Liabilities	9,734,848	197,435	-	9,932,283
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	64,988	7,975	-	72,963
Total Deferred Inflows of Resources	64,988	7,975	-	72,963
<u>Net Position</u>				
Net investment in capital assets	7,882,829	7,897,453	(8,523,454)	7,256,828
Restricted for:				
Economic development	-	-	-	-
Debt service	419,906	-	-	419,906
Tourism	13,117	-	-	13,117
Public safety	64,684	-	-	64,684
Grants	5,818	-	-	5,818
Unrestricted	(7,197,942)	1,443,526	8,523,454	2,769,038
Total Net Position	\$ 1,188,412	\$ 9,340,979	\$ -	\$ 10,529,391

See Notes to Financial Statements.

Component Unit	
MEDC	
\$	899,626
	-
	150,000
	141,413
	-
	54,225
	-
	<u>1,245,264</u>
	-
	-
	-
	<u>1,245,264</u>
	-
	-
	-
	108,772
	-
	-
	-
	-
	-
	<u>108,772</u>
	-
	-
	-
	1,136,492
	-
	-
	-
	-
	-
\$	<u><u>1,136,492</u></u>

CITY OF MONTGOMERY, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,166,038	\$ 319,447	\$ 422,936	\$ 8,500
Municipal court	358,875	429,609	-	-
Public safety	1,145,482	-	-	-
Public works	1,120,070	-	-	-
Interest and fiscal agent fees	220,507	-	-	-
Total Governmental Activities	4,010,972	749,056	422,936	8,500
Business-Type Activities				
Water, sewer, and sanitation services	1,550,227	1,830,305	-	-
Total Business-Type Activities	1,550,227	1,830,305	-	-
Total Primary Government	\$ 5,561,199	\$ 2,579,361	\$ 422,936	\$ 8,500
Component Unit				
Montgomery Economic Development Corporation	\$ 454,082	\$ -	\$ -	\$ -
Total Component Unit	\$ 454,082	\$ -	\$ -	\$ -

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

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	MEDC
\$ (415,155)	\$ -	\$ (415,155)	\$ -
70,734	-	70,734	-
(1,145,482)	-	(1,145,482)	-
(1,120,070)	-	(1,120,070)	-
(220,507)	-	(220,507)	-
<u>(2,830,480)</u>	<u>-</u>	<u>(2,830,480)</u>	<u>-</u>
<u>-</u>	<u>280,078</u>	<u>280,078</u>	<u>-</u>
<u>-</u>	<u>280,078</u>	<u>280,078</u>	<u>-</u>
<u>(2,830,480)</u>	<u>280,078</u>	<u>(2,550,402)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(454,082)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(454,082)</u>
1,026,980	-	1,026,980	-
2,071,895	-	2,071,895	690,632
92,228	-	92,228	-
62,869	-	62,869	-
73,426	11,607	85,033	15,819
471,753	267,164	738,917	161
(566,965)	566,965	-	-
<u>3,232,186</u>	<u>845,736</u>	<u>4,077,922</u>	<u>706,612</u>
401,706	1,125,814	1,527,520	252,530
<u>786,706</u>	<u>8,215,165</u>	<u>9,001,871</u>	<u>883,962</u>
<u>\$ 1,188,412</u>	<u>\$ 9,340,979</u>	<u>\$ 10,529,391</u>	<u>\$ 1,136,492</u>

CITY OF MONTGOMERY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2019

	General	Debt Service	Capital Projects	Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 1,417,196	\$ 419,806	\$ 662,486	\$ 67,029
Cash with fiscal agent	-	-	2,526,197	-
Investments	200,000	-	-	-
Receivables, net	476,517	13,553	5,065	-
Due from other funds	3,019	100	-	5,914
Total Assets	\$ 2,096,732	\$ 433,459	\$ 3,193,748	\$ 72,943
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 312,502	\$ -	\$ 293,843	\$ -
Due to other funds	6,014	-	-	-
Due to others	461,602	-	-	-
Due to other units	54,225	-	-	-
Total Liabilities	834,343	-	293,843	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	11,552	13,553	-	-
<u>Fund Balances</u>				
Restricted for:				
Debt service	-	419,906	-	-
Tourism	-	-	-	13,117
Capital projects	-	-	2,899,905	-
Grants	-	-	-	5,818
Public safety	10,676	-	-	54,008
Unassigned	1,240,161	-	-	-
Total Fund Balances	1,250,837	419,906	2,899,905	72,943
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,096,732	\$ 433,459	\$ 3,193,748	\$ 72,943

See Notes to Financial Statements.

Total

\$ 2,566,517
2,526,197
200,000
495,135
9,033
\$ 5,796,882

\$ 606,345
6,014
461,602
54,225
1,128,186

25,105

419,906
13,117
2,899,905
5,818
64,684
1,240,161
4,643,591

\$ 5,796,882

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CITY OF MONTGOMERY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2019

Total fund balances - total governmental funds \$ 4,643,591

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	931,249
Capital assets, net depreciable	4,048,593

Long-term assets and deferred outflows and deferred inflows related to pensions are deferred in the governmental funds.

Net pension asset	88,006
Deferred outflows - pensions	126,450
Deferred inflows - pensions	(64,988)

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

25,105

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

Accrued interest payable	(17,893)
Noncurrent liabilities due in one year	(519,196)
Noncurrent liabilities due in more than one year	(8,075,587)
Deferred charge on refunding	3,082

Net Position of Governmental Activities	\$ 1,188,412
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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, 2019

	General	Debt Service	Capital Projects	Nonmajor Governmental
Revenues				
Property taxes	\$ 527,050	\$ 499,071	\$ -	\$ -
Sales taxes	2,071,895	-	-	-
Franchise fees	92,228	-	-	-
Other taxes	60,776	-	-	2,093
Licenses and permits	319,447	-	-	-
Fines and forfeitures	410,884	-	-	18,725
Other revenue	175,786	-	295,967	-
Intergovernmental	3,768	160,000	259,168	8,500
Investment revenue	16,748	2,451	54,215	12
Total Revenues	3,678,582	661,522	609,350	29,330
Expenditures				
Current:				
General government	1,019,753	-	-	-
Municipal court	359,416	-	-	-
Public safety	1,065,938	-	-	7,540
Public works	965,533	-	-	8,500
Capital outlay	281,637	-	192,550	-
Debt service:				
Principal	-	445,000	-	-
Interest and fiscal agent fees	-	226,100	-	-
Total Expenditures	3,692,277	671,100	192,550	16,040
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,695)	(9,578)	416,800	13,290
Other Financing Sources (Uses)				
Transfers in	2,880	153,040	169,800	-
Transfers (out)	(15,000)	-	(874,805)	(2,880)
Total Other Financing Sources (Uses)	(12,120)	153,040	(705,005)	(2,880)
Net Change in Fund Balances	(25,815)	143,462	(288,205)	10,410
Beginning fund balances	1,276,652	276,444	3,188,110	62,533
Ending Fund Balances	\$ 1,250,837	\$ 419,906	\$ 2,899,905	\$ 72,943

See Notes to Financial Statements.

Total

\$ 1,026,121
2,071,895
92,228
62,869
319,447
429,609
471,753
431,436
73,426

4,978,784

1,019,753
359,416
1,073,478
974,033
474,187

445,000
226,100

4,571,967

406,817

325,720

(892,685)

(566,965)

(160,148)

4,803,739

\$ 4,643,591

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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, 2019

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

Net changes in fund balances - total governmental funds	\$	(160,148)
<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		384,421
Depreciation expense		(276,295)
<p>The net pension asset and deferred outflows and inflows related to pensions are not reported in the governmental funds.</p>		
Net pension asset		(47,278)
Deferred outflows - pensions		(51,790)
Deferred inflows - pensions		103,883
<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		445,000
Compensated absences		(2,539)
Net change in deferred charges on refunding		(617)
Accrued interest		382
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.		859
Change in Net Position of Governmental Activities	\$	<u><u>401,706</u></u>

See Notes to Financial Statements.

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CITY OF MONTGOMERY, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2019

	<u>Business-Type Activities</u> <u>Water, Sewer, and Sanitation</u>
<u>Assets</u>	
Current assets	
Cash and equity in cash and investments	\$ 1,152,907
Accounts receivable (net of allowance for uncollectibles)	368,158
Restricted cash and cash equivalents	
Customer deposits	104,860
Total Current Assets	<u>1,625,925</u>
Noncurrent assets	
Net pension asset	10,057
Capital assets:	
Nondepreciable	622,259
Depreciable	7,275,194
Total Capital Assets (Net)	<u>7,897,453</u>
Total Noncurrent Assets	<u>7,907,510</u>
Total Assets	<u>9,533,435</u>
Deferred Outflows of Resources	
Deferred outflows - pensions	15,973
Total Deferred Outflows of Resources	<u>15,973</u>
<u>Liabilities and Net Position</u>	
Current Liabilities	
Accounts payable and accrued liabilities	85,993
Due to other funds	3,019
Compensated absences	5,924
Payable from restricted assets	
Customer deposits	104,860
Total Current Liabilities	<u>199,796</u>
Noncurrent liabilities	
Compensated absences	658
Total Noncurrent Liabilities	<u>658</u>
Total Liabilities	<u>200,454</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	7,975
Net Position	
Net investment in capital assets	7,897,453
Unrestricted net position	1,443,526
Total Net Position	<u>\$ 9,340,979</u>

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, 2019

	Business-Type Activities
	Water, Sewer, and Sanitation
<u>Operating Revenues</u>	
Water service	\$ 660,268
Sewer service	591,563
Sanitation service	150,191
Meter installations	428,283
Other revenue	267,164
Total Operating Revenues	2,097,469
<u>Operating Expenses</u>	
Water, sewer, and sanitation	1,032,873
Salaries and wages	151,075
Depreciation	366,279
Total Operating Expenses	1,550,227
Operating Income	547,242
<u>Nonoperating Revenues (Expenses)</u>	
Investment revenue	11,607
Total Nonoperating Revenues	11,607
Income Before Transfers	558,849
<u>Transfers</u>	
Transfers in	874,805
Transfers (out)	(307,840)
Total Transfers	566,965
Change in Net Position	1,125,814
Beginning net position	8,215,165
Ending Net Position	\$ 9,340,979

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, 2019

	<u>Business-Type Activities</u> <u>Water, Sewer, and Sanitation</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from customers and users	\$ 1,968,648
Payments to suppliers	(1,021,317)
Payments to employees	(154,288)
Net Cash Provided by Operating Activities	<u>793,043</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers from other funds	874,805
Transfer to other funds	(307,840)
Net Cash Provided by Noncapital Financing Activities	<u>566,965</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
<u>Financing Activities</u>	
Acquisition and construction of capital assets	(862,294)
Net Cash (Used) by Capital and Related Financing Activities	<u>(862,294)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on investments	11,607
Net Cash Provided by Investing Activities	<u>11,607</u>
Net Change in Cash and Cash Equivalents	509,321
Beginning cash and cash equivalents	748,446
Ending Cash and Cash Equivalents	<u><u>\$ 1,257,767</u></u>
Ending Cash and Cash Equivalents:	
Unrestricted cash and cash equivalents	\$ 1,152,907
Restricted cash and cash equivalents	104,860
	<u><u>\$ 1,257,767</u></u>

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, 2019

	<u>Business-Type Activities</u> <u>Water, Sewer, and Sanitation</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ 547,242
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	366,279
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Current Assets:	
Accounts receivable	(140,445)
Due from other governments	74
Deferred outflows - pensions	(10,819)
Net pension asset	5,691
Increase (Decrease) in Current Liabilities:	
Accounts payable	28,659
Due to other funds	(17,103)
Compensated absences	(1,007)
Customer deposits	11,550
Deferred inflows - pensions	2,922
Net Cash Provided by Operating Activities	<u>\$ 793,043</u>

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CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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; municipal court; 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 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

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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, 2019

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, 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 remaining special revenue funds are considered nonmajor funds for reporting purposes.

The City reports the following enterprise funds:

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

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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, 2019

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 pool operates 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 deposit, 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, 2019

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. 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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension activities are amortized over the average of the expected service lives of pension plan members, except for the net differences between the projected and actual investment earnings on the pension plan assets, which are amortized over a period of five years.
- For employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.
- 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.

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.

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.

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

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.

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

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.

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

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

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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	
General government	\$ 29,897
Public works	\$ 47,391
Capital outlay	\$ 87,169
Court Technology Fund	
Total expenditures	\$ 4,340

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 350,000	0.31
TexPool	2,746,155	0.09
Total	<u><u>\$ 3,096,155</u></u>	
Portfolio weighted average maturity		0.12

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 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, 2019, 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, 2019, 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

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

B. Receivables

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Water, Sewer, and Sanitation</u>	<u>Total</u>
Property taxes	\$ 21,238	\$ 13,553	\$ -	\$ -	\$ 34,791
Sales taxes	415,900	-	-	-	415,900
Accounts receivable	37,695	-	5,065	386,441	429,201
Less allowance	-	-	-	(18,283)	(18,283)
	<u>\$ 476,517</u>	<u>\$ 13,553</u>	<u>\$ 5,065</u>	<u>\$ 368,158</u>	<u>\$ 863,293</u>
	<u>MEDC</u>				
Sales taxes	\$ 138,633				
Other receivables	2,780				
	<u>\$ 141,413</u>				

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 784,570	\$ 79,439	\$ -	\$ 864,009
Construction in progress	1,283,299	175,400	(1,391,459)	67,240
Total capital assets not being depreciated	<u>2,067,869</u>	<u>254,839</u>	<u>(1,391,459)</u>	<u>931,249</u>
Other capital assets:				
Buildings and improvements	1,002,814	19,800	-	1,022,614
Infrastructure	2,459,636	1,391,459	-	3,851,095
Vehicles	859,110	102,582	-	961,692
Furniture and fixtures	417,035	7,200	-	424,235
Total other capital assets	<u>4,738,595</u>	<u>1,521,041</u>	<u>-</u>	<u>6,259,636</u>
Less accumulated depreciation for:				
Buildings and improvements	(499,664)	(51,007)	-	(550,671)
Infrastructure	(466,702)	(129,829)	-	(596,531)
Vehicles	(641,301)	(88,446)	-	(729,747)
Furniture and fixtures	(327,081)	(7,013)	-	(334,094)
Total accumulated depreciation	<u>(1,934,748)</u>	<u>(276,295)</u>	<u>-</u>	<u>(2,211,043)</u>
Other capital assets, net	<u>2,803,847</u>	<u>1,244,746</u>	<u>-</u>	<u>4,048,593</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,871,716</u>	<u>\$ 1,499,585</u>	<u>\$ (1,391,459)</u>	<u>4,979,842</u>
			Plus unspent bond proceeds	2,899,905
			Plus deferred charge on refunding	3,082
			Net Investment in Capital Assets	<u>\$ 7,882,829</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 54,826
Public safety	74,689
Public works	146,780
Total Governmental Activities Depreciation Expense	<u>\$ 276,295</u>

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 66,581	\$ -	\$ -	\$ 66,581
Construction in progress	214,837	754,866	(414,025)	555,678
Total capital assets not being depreciated	<u>281,418</u>	<u>754,866</u>	<u>(414,025)</u>	<u>622,259</u>
Other capital assets:				
Infrastructure	11,319,108	521,453	-	11,840,561
Furniture and equipment	173,642	-	-	173,642
Vehicles	137,104	-	-	137,104
Total other capital assets	<u>11,629,854</u>	<u>521,453</u>	<u>-</u>	<u>12,151,307</u>
Less accumulated depreciation for:				
Infrastructure	(4,239,403)	(344,116)	-	(4,583,519)
Furniture and equipment	(149,397)	(3,531)	-	(152,928)
Vehicles	(121,034)	(18,632)	-	(139,666)
Total accumulated depreciation	<u>(4,509,834)</u>	<u>(366,279)</u>	<u>-</u>	<u>(4,876,113)</u>
Other capital assets, net	<u>7,120,020</u>	<u>155,174</u>	<u>-</u>	<u>7,275,194</u>
Business-Type Activities Capital Assets, Net	<u><u>\$ 7,401,438</u></u>	<u><u>\$ 910,040</u></u>	<u><u>\$ (414,025)</u></u>	<u><u>\$ 7,897,453</u></u>

Depreciation was charged to business-type functions as follows:

Water, sewer, and sanitation	<u>\$ 366,279</u>
Total Business-Type Activities Depreciation Expense	<u><u>\$ 366,279</u></u>

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

The long-term liabilities for the governmental activities at year end are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation refunding bonds	\$ 2,265,000	\$ -	\$ (105,000)	\$ 2,160,000	\$ 110,000
Certificates of obligation	3,295,000	-	(125,000)	3,170,000	130,000
Direct borrowings/placements					
General obligation refunding bonds	610,000	-	(85,000)	525,000	85,000
Certificates of obligation	2,690,000	-	(130,000)	2,560,000	130,000
Deferred amounts:					
For issuance discounts/premiums	114,282	-	(5,828)	108,454	-
	<u>8,974,282</u>	<u>-</u>	<u>(450,828)</u>	<u>8,523,454</u>	<u>455,000</u>
Other liabilities:					
Compensated absences	68,790	65,885	(63,346)	71,329	64,196
Total Governmental Activities	<u>\$ 9,043,072</u>	<u>\$ 65,885</u>	<u>\$ (514,174)</u>	<u>\$ 8,594,783</u>	<u>\$ 519,196</u>
				<u>\$ 8,075,587</u>	
				<u>\$ 8,523,454</u>	
					<u>\$ 5,924</u>
Business-Type Activities:					
Other liabilities:					
Compensated absences	\$ 7,589	\$ 5,523	\$ (6,530)	\$ 6,582	\$ 5,924
Total Business-Type Activities	<u>\$ 7,589</u>	<u>\$ 5,523</u>	<u>\$ (6,530)</u>	<u>\$ 6,582</u>	<u>\$ 5,924</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 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.

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

Description	Interest Rates	Original Balance	Current Balance
Governmental Activities			
General Obligation Bonds			
General obligation refunding bonds, series 2012	2.00-4.00%	\$ 2,830,000	\$ 2,160,000
From direct borrowings/placements:			
General obligation refunding bonds, series 2015	0.85-2.80%	845,000	525,000
Total General Obligation Bonds		3,675,000	2,685,000
Certificates of Obligation			
Tax and revenue certificates of obligation, series 2012	3.00-3.50%	3,760,000	3,170,000
From direct borrowings/placements:			
Tax and revenue certificates of obligation, series 2017A	0.10 - 1.60%	1,090,000	990,000
Tax and revenue certificates of obligation, series 2017B	0.01 - 1.90%	1,730,000	1,570,000
Total Certificates of Obligation		6,580,000	5,730,000
Total Governmental Activities Long-Term Debt		\$ 10,255,000	\$ 8,415,000

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

Year Ending	General Obligation		Certificates of Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 110,000	\$ 70,750	\$ 130,000	\$ 104,875	\$ 240,000	\$ 175,625
2021	115,000	68,075	130,000	100,975	245,000	169,050
2022	115,000	65,200	135,000	97,000	250,000	162,200
2023	120,000	62,113	140,000	92,875	260,000	154,988
2024	125,000	58,744	145,000	88,600	270,000	147,344
2025-2029	680,000	233,412	775,000	369,325	1,455,000	602,737
2030-2034	630,000	112,875	905,000	222,862	1,535,000	335,737
2035-2038	265,000	10,700	810,000	57,576	1,075,000	68,276
Total	\$ 2,160,000	\$ 681,869	\$ 3,170,000	\$ 1,134,088	\$ 5,330,000	\$ 1,815,957

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

The annual requirements to amortize debt issues outstanding for the direct borrowings/placements at year end are as follows:

Year Ending	General Obligation		Certificates of Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 85,000	\$ 11,903	\$ 130,000	\$ 29,045	\$ 215,000	\$ 40,948
2021	80,000	10,173	130,000	28,969	210,000	39,142
2022	85,000	8,293	130,000	28,712	215,000	37,005
2023	90,000	6,170	130,000	28,219	220,000	34,389
2024	90,000	3,852	130,000	27,478	220,000	31,330
2025-2029	95,000	1,330	700,000	118,266	795,000	119,596
2030-2034	-	-	740,000	71,249	740,000	71,249
2035-2038	-	-	470,000	12,587	470,000	12,587
Total	\$ 525,000	\$ 41,721	\$ 2,560,000	\$ 344,525	\$ 3,085,000	\$ 386,246

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.

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	\$	3,019
Nonmajor governmental		General		5,914
Debt service		General		100
			\$	<u>9,033</u>

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, 2019

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

Transfer In	Transfer Out	Amounts
Debt Service	Water and sewer	153,040
General	Nonmajor governmental	2,880
Water and sewer	Capital projects	874,805
Capital projects	Water and sewer	154,800
Capital projects	General	15,000
		\$ 1,200,525

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.

The City is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the City’s management that resolution of these matters will not have a material adverse effect of the financial condition of the City.

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the TMRS. TMRS is an 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.

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:

	<u>2019</u>	<u>2018</u>
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%	0%

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to, but not yet, receiving benefits	25
Active employees	23
Total	57

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, 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 6.10 percent and 6.13 percent in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were \$86,378 and were equal to the required contributions.

Net Pension (Asset)

The City's Net Pension (Asset) NP(A)) was measured as of December 31, 2018 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, 2018 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.

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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 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%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	<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, 2019

Changes in the NP(A)

	Increase (Decrease)		
	Total Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Changes for the year:			
Service cost	\$ 176,697	\$ -	\$ 176,697
Interest	87,871	-	87,871
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(85,189)	-	(85,189)
Changes in assumptions	-	-	-
Contributions - employer	-	79,080	(79,080)
Contributions - employee	-	90,747	(90,747)
Net investment income	-	(42,554)	42,554
Benefit payments, including refunds of employee contributions	(107,065)	(107,065)	-
Administrative expense	-	(821)	821
Other changes	-	(43)	43
Net Changes	72,314	19,345	52,969
Balance at December 31, 2017	1,266,973	1,418,005	(151,032)
Balance at December 31, 2018	\$ 1,339,287	\$ 1,437,350	\$ (98,063)

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)	\$ 114,062	\$ (98,063)	\$ (267,378)

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.

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

For the fiscal year ended September 30, 2019, the City recognized net pension expense of \$81,153.

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

At September 30, 2019, 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	\$ -	\$ (72,963)
Changes in actuarial assumptions	-	-
Net difference between projected and actual investment earnings	74,367	-
Contributions subsequent to the measurement date	68,056	-
Total	\$ 142,423	\$ (72,963)

\$68,056 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the NP(A) for the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended September 30	Pension Expense
2020	\$ 1,210
2021	(11,836)
2022	(8,409)
2023	20,439
2024	-
Thereafter	-
Total	\$ 1,404

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:

- The group of developers for “The Shoppes At Montgomery” 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 and upon final completion of the Project, the City has

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

- The developer for “Milestone” 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. An assignment of economic development was entered into with the Kroger Texas L.P. on December 11, 2018. On February 14, 2019, the City reimbursed sales tax for the 2018 year in the amount of \$104,218 to the Kroger Company and \$36,071 was reimbursed for the 2019 fiscal year. On February 14, 2019, the MEDC reimbursed sales tax for the 2018 year in the amount of \$50,917 to the Kroger Company and \$77,405 was reimbursed for the 2019 fiscal year.

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 for “The Estates of Mia Lago, Section 1”, who intends and proposed to develop property in the City for residential, commercial, and retail use (the “Project”). 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 an Agreement with a developer for the “Hills of Town Creek, Section 1” and a school district (the “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 (the “Project”). 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

CITY OF MONTGOMERY, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

in the ETJ of the City. Other considerations include transfers of property and facilities from the District and the developer to the City and transfer of property from the developer to the 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, 2019, the City abated property taxes totaling \$9,901 under this agreement.

- A developer for "Milestone" 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. An assignment of economic development was entered into with the Kroger Texas L.P. on December 11, 2018. For the fiscal year ended September 30, 2019, the City abated property taxes totaling \$78,789 under this agreement.
- The City has entered into a twelve-year term Agreement with a developer for "The Estates of Mia Lago, Section 2", who intends and proposed to develop property in the City for residential use (the "Project"). 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 not more than \$100,000 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, 2017).

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, 2019

	Original and Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property taxes	\$ 523,085	\$ 527,050	\$ 3,965
Sales taxes	2,240,539	2,071,895	(168,644)
Franchise fees	72,000	92,228	20,228
Other taxes	47,775	60,776	13,001
Licenses and permits	200,600	319,447	118,847
Fines and forfeitures	497,970	410,884	(87,086)
Other revenue	122,530	175,786	53,256
Intergovernmental	300	3,768	3,468
Investment revenue	6,100	16,748	10,648
Total Revenues	3,710,899	3,678,582	(32,317)
<u>Expenditures</u>			
Current:			
General government	989,856	1,019,753	(29,897) *
Municipal court	457,340	359,416	97,924
Public safety	1,112,168	1,065,938	46,230
Public works	918,142	965,533	(47,391) *
Capital outlay	194,468	281,637	(87,169) *
Total Expenditures	3,671,974	3,692,277	(20,303)
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,925	(13,695)	(52,620)
<u>Other Financing Sources (Uses)</u>			
Transfers in	2,880	2,880	-
Transfers (out)	(41,405)	(15,000)	26,405
Total Other Financing (Uses)	(38,525)	(12,120)	26,405
Net Change in Fund Balance	\$ 400	(25,815)	\$ (26,215)
Beginning fund balance		1,276,652	
Ending Fund Balance		\$ 1,250,837	

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.

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, 2019

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
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)
Net Change in Total Pension Liability	<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>
Ending Total Pension Liability	<u>\$ 811,951</u>	<u>\$ 923,346</u>	<u>\$ 1,100,699</u>	<u>\$ 1,266,973</u>
Plan Fiduciary Net Position				
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)
Net Change in Plan Fiduciary Net Position	<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>
Ending Plan Fiduciary Net Position	<u>\$ 986,465</u>	<u>\$ 1,009,174</u>	<u>\$ 1,162,774</u>	<u>\$ 1,418,005</u>
Net Pension (Asset)	<u>\$ (174,514)</u>	<u>\$ (85,828)</u>	<u>\$ (62,075)</u>	<u>\$ (151,032)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset)	121.49%	109.30%	105.64%	111.92%
Covered Payroll	\$ 876,672	\$ 910,624	\$ 1,060,007	\$ 1,157,117
Net Pension (Asset) as a Percentage of Covered Payroll	-19.91%	-9.43%	-5.86%	-13.05%

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

**Meaurement
Year***

2018

\$ 176,697
87,871

(85,189)
-

(107,065)

72,314

1,266,973

\$ 1,339,287

\$ 79,080
90,747
(42,554)

(107,065)
(821)
(43)

19,345

1,418,005

\$ 1,437,350

\$ (98,063)

107.32%

\$ 1,296,384

-7.56%

CITY OF MONTGOMERY, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2019

	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 five years of information is currently available. The City will build this schedule over the next five-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	3.50% 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.

**Fiscal
Year**

2019

\$ 86,378

86,378

\$ -

\$ 1,439,928

6.00%

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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, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property taxes	\$ 490,771	\$ 499,071	\$ 8,300
Intergovernmental	4,000	160,000	156,000
Investment revenue	-	2,451	2,451
Total Revenues	494,771	661,522	166,751
Expenditures			
Debt service:			
Principal	445,000	445,000	-
Interest and fiscal agent fees	226,869	226,100	769
Total Expenditures	671,869	671,100	769
(Deficiency) of Revenues			
(Under) Expenditures	(177,098)	(9,578)	165,982
Other Financing Sources (Uses)			
Transfers in	313,040	153,040	(160,000)
Total Other Financing Sources	313,040	153,040	(160,000)
Net Change in Fund Balance	\$ 135,942	143,462	\$ 7,520
Beginning fund balance		276,444	
Ending Fund Balance		\$ 419,906	

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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.

Grant Fund

This fund is used to account for revenues from grants.

CITY OF MONTGOMERY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019

Special Revenue Funds

	<u>Hotel Occupancy</u>	<u>Court Security</u>	<u>Court Technology</u>	<u>Police Asset Forfeiture</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 13,117	\$ 5,587	\$ 36,285	\$ 6,222
Due from other funds	-	497	670	4,747
Total Assets	\$ 13,117	\$ 6,084	\$ 36,955	\$ 10,969
<u>Fund balances</u>				
Restricted for:				
Tourism	13,117	-	-	-
Public safety	-	6,084	36,955	10,969
Grants	-	-	-	-
Total Fund Balances	13,117	6,084	36,955	10,969
Total Liabilities and Fund Balances	\$ 13,117	\$ 6,084	\$ 36,955	\$ 10,969

Special Revenue Funds		Total Nonmajor Governmental Funds	
Grants			
\$	5,818	\$	67,029
	-		5,914
<u>\$</u>	<u>5,818</u>	<u>\$</u>	<u>72,943</u>
	-		13,117
	-		54,008
	5,818		5,818
<u></u>	<u>5,818</u>	<u></u>	<u>72,943</u>
<u>\$</u>	<u>5,818</u>	<u>\$</u>	<u>72,943</u>

CITY OF MONTGOMERY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2019

Special Revenue Funds

	Hotel Occupancy	Court Security	Court Technology	Police Asset Forfeiture
Revenues				
Other taxes	\$ 2,093	\$ -	\$ -	\$ -
Fines and forfeitures	-	5,972	8,006	4,747
Intergovernmental	-	-	-	-
Investment revenue	3	-	9	-
Total Revenues	2,096	5,972	8,015	4,747
Expenditures				
Current:				
Public safety	-	1,200	6,340	-
Public works	-	-	-	-
Total Expenditures	-	1,200	6,340	-
Excess of Revenues Over Expenditures	2,096	4,772	1,675	4,747
Other Financing Sources (Uses)				
Transfers (out)	-	(2,880)	-	-
Total Other Financing (Uses)	-	(2,880)	-	-
Net Change in Fund Balances	2,096	1,892	1,675	4,747
Beginning fund balances	11,021	4,192	35,280	6,222
Ending Fund Balances	\$ 13,117	\$ 6,084	\$ 36,955	\$ 10,969

<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Grants</u>		
\$ -		\$ 2,093
-		18,725
8,500		8,500
-		12
<u>8,500</u>		<u>29,330</u>
-		7,540
8,500		8,500
<u>8,500</u>		<u>16,040</u>
-		13,290
-		(2,880)
-		(2,880)
-		10,410
5,818		62,533
<u>5,818</u>		<u>72,943</u>
<u>\$ 5,818</u>		<u>\$ 72,943</u>

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, 2019

Hotel Occupancy			
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Other taxes	\$ 1,000	\$ 2,093	\$ 1,093
Other revenues	7	3	(4)
Total Revenues	1,007	2,096	1,089
Expenditures			
Current:			
General government	4,000	-	4,000
Total Expenditures	4,000	-	4,000
Net Change in Fund Balance	\$ (2,993)	2,096	\$ 5,089
Beginning fund balance		11,021	
Ending Fund Balance		\$ 13,117	

Court Security			
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	\$ 6,500	\$ 5,972	\$ (528)
Investment revenue	5	-	(5)
Total Revenues	6,505	5,972	(533)
Expenditures			
Current:			
Public safety	3,900	1,200	2,700
Total Expenditures	3,900	1,200	2,700
Excess of Revenues Over Expenditures	2,605	4,772	2,167
Other Financing Sources (Uses)			
Transfers (out)	(3,600)	(2,880)	720
Total Other Financing (Uses)	(3,600)	(2,880)	720
Net Change in Fund Balance	\$ (995)	1,892	\$ 2,887
Beginning fund balance		4,192	
Ending Fund Balance		\$ 6,084	

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, 2019

Court Technology			
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 10,000	\$ 8,006	\$ (1,994)
Investment revenue	2	9	7
Total Revenues	10,002	8,015	(1,987)
<u>Expenditures</u>			
Current:			
Public safety	2,000	6,340	(4,340) *
Total Expenditures	2,000	6,340	(4,340)
Net Change in Fund Balance	\$ 8,002	1,675	\$ (6,327)
Beginning fund balance		35,280	
Ending Fund Balance		\$ 36,955	

Police Asset Forfeiture			
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Fines and forfeitures	\$ 100	\$ 4,747	\$ 4,647
Total Revenues	100	4,747	4,647
Net Change in Fund Balance	\$ 100	4,747	\$ 4,647
Beginning fund balance		6,222	
Ending Fund Balance		\$ 10,969	

Notes to Supplementary Information:

*Expenditures exceeded appropriations at the legal level of control.

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Montgomery City Council
AGENDA REPORT

Meeting Date: June 9, 2020	Budgeted Amount: N/A
Department: Administrative	
Prepared By: Richard Tramm	Exhibits: None
Date Prepared: June 4, 2020	

Subject

Discuss issues related to services provided by Waste Management of Texas, Inc. under the Municipal Solid Waste Collection and Transportation Agreement and direct the City Administrator to take any necessary action following discussion.


Description

I have been asked about service-related issues regarding the services provided by Waste Management. I wanted to invite a representative from the company to come to discuss these items with City Council to help work towards improving those services.

Recommendation

Participate in the discussion and provide direction to the City Administrator, if necessary.

Approved By

City Administrator	Richard Tramm 	Date: 06/04/2020

Montgomery City Council
AGENDA REPORT

Meeting Date: June 9, 2020	Budgeted Amount:
Department: Administrative	
Prepared By: Richard Tramm	Exhibits: BGE Proposal for Watershed Study
Date Prepared: June 4, 2020	

Subject

Discuss, consider and approval of BGE Professional Services Agreement to perform Limited Master Drainage Study for Town Creek Watershed.

Description


BGE was selected for the Study following the review of eight firms submitting under the Statement of Qualifications Request and the interviewing of five of those firms. They are prepared to begin the work on this Study this week, pending the approval of the attached agreement. The Professional Services Agreement is to perform the study to identify the drainage work to be performed under the GLO funding the City has had approved following the Tax Day Flood.

In looking at the Tasks, I believe there is room in the hourly work under Tasks 2 and 3 to move at least some of that expense to a later date that would fall under GLO funding.

Recommendation

Consider the Professional Services Agreement presented by BGE. Bill Kotlan will be participating in the teleconference meeting representing BGE.

Approved By

City Administrator	Richard Tramm 	Date: 06/04/2020



THIS AGREEMENT ("Agreement"), made and entered into by and between BGE, Inc. (BGE) and the Client identified herein, provides for the Professional Services described under Item 3 of this Agreement.

CLIENT: City of Montgomery, Texas

CONTACT PERSON: Mr. Richard Tramm

ADDRESS: 101 Old Plantersville Rd
Montgomery, Texas 77316

OFFICE NUMBER: (936) 597-6434

CELL NUMBER:

EMAIL: rtramm@ci.montgomery.tx.us

PROJECT NAME: Town Creek Hydrology and Hydraulic Study

1. **THE AGREEMENT INCLUDES THE STANDARD TERMS AND CONDITIONS** which are included in Attachment A. Client shall authorize and BGE shall commence its services on BGE's receipt of the properly executed and signed Agreement, as may be amended from time to time. If the Agreement is not executed by Client within thirty (30) days of the date tendered, it shall become invalid unless: (1) BGE extends the time in writing; or (2) at the sole option of BGE, BGE accepts Client's written or oral authorization to proceed with the services, in which event the terms of the authorization shall include all the terms of this Agreement. BGE's performance of the services, including Additional Services, under the written or oral authorization shall be in reliance on the inclusion of all the terms of this Agreement.

2. **LOCATION & DESCRIPTION OF PROJECT SITE:**

Town Creek watershed, City of Montgomery, Montgomery County, Texas.

3. **SCOPE OF SERVICES TO BE PROVIDED BY BGE:** (If additional pages are necessary, they are identified as Attachment B)

Drainage Study and Capital Improvement Recommendations as described in Attachment B.

4. **EXCLUDED AND/OR ADDITIONAL SERVICES:**

Land Planning, Engineering, Environmental services not specifically included in Attachment B.



5. THE COMPENSATION TO BE PAID BGE FOR PROVIDING THE REQUESTED SERVICES: (If additional pages are necessary, they are identified as Attachment C)

Professional Fees shall be as authorized in accordance with Schedule of Fees in Attachment C.

IN WITNESS WHEREOF, this Agreement is accepted on the date written below and subject to the terms and conditions set forth above and in Attachments.

BGE, Inc.

CLIENT: City of Montgomery, Texas

SIGNED: _____

SIGNED: _____

TYPED NAME: WILLIAM J. KOTLAN, PE

TYPED NAME: HONORABLE SARA COUNTRYMAN

TITLE: PRACTICE LEADER

TITLE: MAYOR

DATE: _____

DATE: _____



Attachment A Standard Terms and Conditions

Project/Proposal: Town Creek Hydrology & Hydraulics Study

Client: City of Montgomery

Date: 6/2/2020

- 1. STANDARD OF CARE:** Professional Services shall be performed in accordance with and limited to the standard of professional practice ordinarily exercised by the applicable profession at the time and within the locality where the Professional Services are performed.
- 2. NO WARRANTY:** Professional Services are not subject to, nor can or will BGE, Inc. (BGE) provide any warranty or guarantee, express or implied, regarding the Professional Services to be supplied by BGE. Any such warranties or guarantees contained in any purchase orders, requisitions, or notices to proceed issued by Client are specifically objected to and shall not be a part of the agreement. BGE DISCLAIMS ANY AND ALL EXPRESS, STATUTORY, COMMON LAW AND/OR IMPLIED WARRANTIES INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF FITNESS FOR PARTICULAR PURPOSE, MERCHANTABILITY, AND GOOD AND WORKMANLIKE MANNER.
- 3. COMPENSATION:** Direct personnel expense shall be defined as: the cost of salaries and fringe benefit costs related to vacation, holiday, and sick leave pay; contributions for Social Security, Worker's Compensation Insurance, retirement benefits, and medical and insurance benefits; unemployment and payroll taxes; and other allowed benefits of those employees directly engaged in the performance of the requested service.

Reimbursable costs include: fees of Professional Services and out-of-pocket expenses, the cost of which shall be charged at actual costs plus an administrative charge of 10% and shall be itemized and included in the invoice. Typical out-of-pocket expenses shall include, but not limited to, travel expenses (lodging, meals, etc.); job-related mileage at the prevailing IRS rate; courier, printing and reproduction costs; and survey supplies and materials. In the event the requested service involves the use of electronic measuring equipment, computers, plotters, and other special equipment such as boats, swamp buggies, etc., an additional direct charge shall be made for the use of this equipment.

It is understood and agreed that BGE's services under this Agreement are limited to those described in the Scope of Services and do not include participation in or control over the operation of any aspect of the project. Compensation under this Agreement does not include any amount for participating in or controlling of any such operation.

- 4. INVOICE PROCEDURES AND PAYMENT:** BGE shall submit invoices to the Client for work accomplished during each calendar month. For services provided on a Lump Sum basis, the amount of each monthly invoice shall be determined on the "percentage of completion method," whereby BGE will estimate the percentage of the total work (provided on a Lump Sum basis) accomplished during the invoicing period. Monthly invoices shall include, separately listed, any charges for services for which time charges *and/or* unit costs shall apply. Such invoices shall also include, separately listed, any charges for Professional Services and reimbursable costs. Such invoices shall be submitted by BGE as soon as possible after the end of the month in which the work was accomplished and shall be due and payable by the Client upon receipt.

The Client, as Owner or authorized agent for the Owner, hereby agrees that payment as provided herein will be made for said work within 30 days from the date the invoice for the same is mailed to the Client at the address set out herein or is otherwise delivered, and, in default of such payment, hereby agrees to pay all costs of collection, including reasonable attorney's fees, regardless of whether legal action is initiated. The Client hereby acknowledges that unpaid invoices shall accrue interest at the maximum rate allowed by law after they have been outstanding for over 30 days. BGE reserves the right to suspend all services on the Client's project without notice if an invoice remains unpaid 45 days after date of invoice. The suspension shall remain in effect until all unpaid invoices are paid in full.

- 5. COST ESTIMATES:** Any cost estimates provided by BGE are opinions based on the experience and judgment of BGE. Client hereby acknowledges that BGE cannot warrant that any cost estimates provided by BGE will not vary from actual costs incurred by Client.
- 6. CLIENT SUPPLIED DOCUMENTS AND INFORMATION:** Client warrants that all documentation and information provided by Client to BGE for use in performing the services hereunder is accurate and may be relied upon by BGE in all respects, and that Client has the right to provide such documentation and information to BGE. BGE shall have no liability to Client for any damages or claims arising out of any errors contained in such documents and information and BGE's use and reliance upon the same. Client hereby agrees to indemnify and hold BGE harmless from any and all liabilities, claims and lawsuits arising out of BGE's Use and reliance upon such documentation and information and for any claims of infringement or ownership disputes involving such documentation and information.
- 7. PERMITS:** Client is responsible for obtaining and complying with all required permits or other approvals of, and for giving any required notices to, all governmental and quasi-governmental authorities having jurisdiction over the Services or the Property. Client will provide to BGE copies of any such permits or any such notices, together with any other relevant information that will alert BGE to the requirements of such permits, approvals, or notifications.



Attachment A Standard Terms and Conditions

8. **REPORTING OBLIGATIONS:** Client has responsibility for complying with all legal reporting obligations. Nothing in the Agreement precludes BGE from providing any notices or reports that it may be required by law to give to governmental entities.
9. **OTHER INFORMATION:** BGE will rely upon commonly used sources of data, including database searches and agency contacts. BGE does not warrant the accuracy of the information obtained from those sources and has not been requested to independently verify such information.
10. **LABORATORY SERVICES:** In performing services, BGE may request that Client provide independent testing laboratory services. BGE will rely on the accuracy of the testing laboratory services. BGE will not, and Client shall not rely upon BGE to, check the quality or accuracy of the testing laboratory's services.
11. **SITE VISIT:** All conclusions, opinions and recommendations relating to site issues will be based upon site conditions at the Property as they existed at the time of BGE's site visit, if any. Any report should not be relied upon to represent conditions at a later date. This paragraph does not obligate BGE to visit the site.
12. **ACCESS:** Client will provide BGE with access to the Property or to any other site as required by BGE for performance of the Services.
13. **OWNERSHIP OF DOCUMENTS:**
 - a. All designs, drawings, specifications, documents, and other work products of the BGE (collectively, the "Documents"), whether in hard copy or electronic form, are instruments of service for the services and are owned by BGE regardless of whether or not services are completed. Reuse, change or alteration of the Documents by the Client or by others acting through or on behalf of the Client is not permitted without the written consent of BGE. BGE grants to Client a nonexclusive license to reproduce the Documents solely for the purpose of constructing and maintaining the Project. Any termination of the Agreement prior to final completion of construction of the Project shall terminate this license. Upon such termination, and unless otherwise agreed by BGE in writing, the Client (and any third party who received copies of the Documents from Client) shall refrain from making further reproductions of the Documents and shall return to BGE within seven days of termination all originals and reproductions in the Client's possession, custody and control.
 - b. ANY REUSE, CHANGE OR ALTERATION BY THE CLIENT OR THIRD PARTIES IS AT THEIR OWN RISK AND TO THE FULLEST EXTENT OF THE LAW CLIENT AGREES TO HOLD HARMLESS AND INDEMNIFY BGE, ITS OFFICERS, PARTNERS, EMPLOYEES, AND SUBCONTRACTORS FROM ALL CLAIMS, DAMAGES, LOSSES, EXPENSES AND COSTS (INCLUDING ATTORNEYS' FEES), INCLUDING, BUT NOT LIMITED TO, CLAIMS FOR BGE'S ALLEGED NEGLIGENCE, ARISING OUT OF OR RELATED TO SUCH AUTHORIZED OR UNAUTHORIZED REUSE, CHANGE OR ALTERATION.
14. **CONSTRUCTION SERVICES:** If, under this Agreement, Professional Services are provided during the construction phase of the project, BGE shall not supervise, be responsible for or have control over any contractor's means, methods, techniques, sequences, or procedures, or for safety precautions and programs in connection with any contractor's work; nor shall BGE be responsible for the contractor's failure to carry out the Work in accordance with the Contract Documents or for the Contractor's failure to comply with applicable laws, ordinances, rules or regulations. The Client agrees that any contractors shall be solely responsible for jobsite and worker safety and warrants that this intent shall be carried out in the Client's contract with the contractors. Client understands that construction phase services are not intended to be a detailed check or an inspection of any contractor's work. BGE shall not be required to sign any document that requires BGE to certify conditions that BGE has not specifically observed during construction. CLIENT AGREES TO INDEMNIFY AND HOLD HARMLESS BGE FROM ALL CLAIMS, LOSSES, DAMAGES, ATTORNEY FEES, INJURIES, JUDGMENTS, CAUSES OF ACTIONS, AND SUITS OF ANY AND ALL KIND, FOR BODILY INJURY, DEATH, OR PROPERTY DAMAGES CAUSED BY ANY CONTRACTOR ARISING OUT OF THE PROJECT AND THE WORK.
15. **SUBMITTAL REVIEW:** In the event BGE's Professional Services include the review of contractor submittals of shop drawings, product data, samples or other data that the contractor is required to submit (collectively, "Contractor Submittals"), BGE's review is for the limited purpose of checking Contractor Submittals for general conformance with the design concept and the information shown in the drawings and/or specifications prepared by BGE. This review shall not include review of the accuracy or completeness of details, quantities, dimensions, weights or gauges, fabrication processes, construction means or methods, interpretation of welds, or safety precautions. BGE shall be provided sufficient time (in BGE's sole opinion) to permit adequate review by BGE. Review of a specific item shall not indicate that BGE has reviewed the entire assembly of which the item is a component. The Contractor is solely responsible for identifying any deviations in the Contractor Submittals from the drawings, specifications or other Construction Documents.
16. **ASBESTOS OR HAZARDOUS MATERIALS:** It is acknowledged by both parties that BGE's Scope of Services does not include any services related to asbestos or hazardous or toxic materials. In the event BGE or any other party encounters asbestos or hazardous or toxic materials at the Property, or should it become known in any way that such materials may be present at the Property or any adjacent areas that may affect the performance of BGE's Services, BGE may, at its option and without liability for consequential or other damages, suspend performance of Services on the Project until the Client retains appropriate specialist to identify, abate, and/or remove the asbestos or hazardous or toxic materials and warrant that the Property is in full compliance with applicable laws and regulations.
17. **CHANGED CONDITIONS:** The Client and BGE acknowledge the possibility of occurrences or discoveries that were not originally contemplated by or known to the BGE. Should Client or BGE call for contract renegotiation, they shall identify the changed conditions necessitating renegotiation, and BGE and the Client shall promptly and in good faith enter into renegotiation of this Agreement. If the terms cannot be agreed to, the parties agree that either party has the right to terminate the Agreement.



Attachment A Standard Terms and Conditions

18. **NO CERTIFICATION:** BGE shall not be required to sign any documents that would result in BGE having to certify, guarantee, or warrant the existence of conditions whose existence BGE cannot ascertain. The Client also agrees not to make resolution of any dispute with BGE or payments of any amount due to BGE in any way contingent upon BGE's signing any such certification.
19. **PROJECT ENHANCEMENT:** If, due to BGE's error or omission, any required item or component of the Project is omitted from BGE's documents, BGE shall not be responsible for paying the cost to add such item or component to the extent that such item or component would have been otherwise necessary to the Project or otherwise adds value or betterment to the Project. In no event will BGE be responsible for any cost or expense that provides betterment, upgrade, or enhancement of the Project.
20. **DELAYS:** Although BGE may specify completion date of the work, that date is subject to and shall be extended by delays caused by conditions beyond the control of BGE, including but not limited to, the availability of required materials; acts of or disputes with Client; change orders that expand the scope of the work or cause delay in acquisition of materials; riots, civil commotions, war, insurrections, strikes, lockouts, fire, or other casualty; acts of God; inclement weather which interferes with normal scheduling of the work; failure of Client to make decisions; judicial restraint or delays in securing governmental approvals; permits or other authorizations. In the event of such delay, BGE shall be entitled to an extension of time for performance and additional compensation.
21. **LIMIT OF LIABILITY:** TO THE FULLEST EXTENT PERMITTED BY LAW, THE TOTAL LIABILITY OF BGE AND ITS EMPLOYEES, OFFICERS, DIRECTORS, SUBCONSULTANTS AND SUBCONTRACTORS, TO CLIENT OR ANY PARTY CLAIMING BY, THROUGH OR UNDER CLIENT, FOR ANY AND ALL INJURIES, CLAIMS, LOSSES, EXPENSES, OR DAMAGES WHATSOEVER FROM ANY CAUSE OR CAUSES, INCLUDING, BUT NOT LIMITED TO, STRICT LIABILITY, BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, OR ERRORS OR OMISSIONS SHALL BE LIMITED TO THE TOTAL COMPENSATION RECEIVED BY BGE UNDER THE TERMS OF THIS AGREEMENT.
22. **INSURANCE:** BGE shall at all times carry Worker's Compensation Insurance as required by statute; commercial general liability insurance including bodily injury and property damage; automobile liability coverage; and professional liability coverage. Insurance certificates will be provided to the Client upon request. Client agrees to require that BGE be named as an additional insured on insurance coverages provided by contractors on the project.
23. **CONSEQUENTIAL DAMAGES:** NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, AND TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER THE CLIENT NOR BGE, THEIR RESPECTIVE OFFICERS, DIRECTORS, PARTNERS, EMPLOYEES, CONTRACTORS OR SUBCONSULTANTS SHALL BE LIABLE TO THE OTHER OR SHALL MAKE ANY CLAIM FOR ANY INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR CONNECTED IN ANY WAY TO THE PROJECT OR TO THIS AGREEMENT. THIS MUTUAL WAIVER OF INCIDENTAL, INDIRECT AND CONSEQUENTIAL DAMAGES SHALL INCLUDE, BUT IS NOT LIMITED TO, LOSS OF USE, LOSS OF PROFIT, LOSS OF BUSINESS, LOSS OF INCOME, LOSS OF REPUTATION, LOSS OF OPPORTUNITY AND ANY OTHER CONSEQUENTIAL DAMAGES THAT EITHER PARTY MAY HAVE INCURRED FROM ANY CAUSE OF ACTION INCLUDING NEGLIGENCE, STRICT LIABILITY, BREACH OF CONTRACT AND BREACH OF STRICT OR IMPLIED WARRANTY. BOTH THE CLIENT AND BGE SHALL REQUIRE SIMILAR WAIVERS OF CONSEQUENTIAL DAMAGES PROTECTING ALL ENTITIES OR PERSONS NAMED HEREIN IN ALL CONTRACTS AND SUBCONTRACTS WITH OTHERS INVOLVED IN THIS PROJECT.
24. **ASSIGNMENT AND NO THIRD PARTY BENEFICIARIES:** Neither Client nor BGE shall assign, sublet, or transfer his interest in this Agreement without the written consent of the other. Nothing herein shall be construed as giving any rights or benefits hereunder to anyone other than Client and BGE. Client and BGE agree that there are no third party beneficiaries to this Agreement. Client's representative signing below warrants that he or she has full authority to bind Client to this Agreement.
25. **SUSPENSION, TERMINATION, CANCELLATION OR ABANDONMENT:** In the event the project described in the Scope of Services, or the services of BGE called for under this Agreement, is/are suspended, cancelled, terminated or abandoned by the Client for the Client's convenience, BGE shall be given seven (7) days prior written notice of such action and shall be compensated for the Professional Services and reimbursable expenses provided up to the date of suspension, termination, cancellation or abandonment plus anticipated profit on those Professional Services not performed by BGE. In the event either Client or BGE seeks to terminate the Agreement based on the material breach of this Agreement, the party seeking to terminate the Agreement shall give written notice of the alleged breach and that party shall have ten (10) days after receipt of the written notice to cure the alleged breach. If the alleged breach has not been cured within that ten (10) day cure period, then the party claiming breach may terminate the Agreement for cause. If the Client terminates the Agreement for cause, then BGE shall be compensated for all Professional Services performed prior to termination plus reimbursable expenses. In the event BGE terminates this Agreement for cause, Client waives any and all claims or causes of action against BGE relating to BGE's services under this Agreement.
26. **ENTIRETY OF AGREEMENT:** The Agreement embodies the entire agreement and understanding between the parties hereto, and there are no other agreements and understandings, oral or written, with reference to the subject matter hereof that are not merged herein and superseded hereby. No alteration, change or modification of the terms of this Agreement shall be valid unless made in writing and signed by both parties and attached hereto.
27. **WAIVER:** Any failure by BGE to require strict compliance with any provision of this Agreement shall not be construed as a waiver of such provision, and BGE may subsequently require strict compliance at any time, notwithstanding any prior failure to do so.



Attachment A Standard Terms and Conditions

28. **DISPUTE RESOLUTION:** Any claim, dispute or other matter in question arising out of or related to this Agreement shall be subject to non-binding mediation as a condition precedent to the commencement of litigation by either party. If such matter relates to or is the subject of a lien arising out of Engineer's services, then Engineer may proceed in accordance with applicable law to comply with the lien notice or filing deadlines prior to resolution of the matter by mediation or other legal proceedings. The parties shall share the mediator's fee and any filing fees equally. The mediation shall be held in the county where the Project is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof. Any agreed upon settlement shall remain confidential. If any claim or dispute cannot be resolved by non-binding mediation, either or both parties may elect to pursue resolution through litigation. In the event of any litigation between the parties, it is agreed and stipulated that the case shall be heard and decided by the court, without a jury. It is agreed that the non-prevailing party in litigation shall pay, in addition to any judgment, reasonable attorneys' fees, prejudgment interest and costs incurred by the prevailing party as a result of the court proceedings.
29. **GOVERNING LAW:** This Agreement shall be governed by and construed according to the laws of the State where the site of the work is located.
30. **CORPORATE LIABILITY:** Client understands and agrees that BGE is a business entity that has contracted to perform services, and any services provided by BGE's employees, agents or officers are not provided in their individual capacity. Client will not make any claim or demand against any of BGE's employees, agents or officers in their individual capacity.
31. **REGULATORY CHANGES:** In the event that there are modifications or additions to regulatory requirements relating to the services to be performed under this Agreement after the date of execution of this Agreement, the increased or decreased cost of performance of the services provided for in this Agreement shall be reflected in an appropriate Additional Services amendment.
32. **ATTORNEY'S FEES:** In the event BGE's invoices for Services are given to any attorney for collection, or if suit is brought for collection, or if they are collected through probate, bankruptcy, or other judicial proceeding, or if BGE is the prevailing party in any litigation or arbitration with Client, then Client shall pay BGE all reasonable and necessary attorneys' fees, expenses, expert fees, deposition fees and costs, court costs and other costs incurred by BGE, in addition to other amounts due.
33. **FIDUCIARY RESPONSIBILITY:** BGE makes no warranty, either expressed or implied, as to BGE's findings, recommendations, Documents, or professional advice. Any warranties or guarantees contained in any purchase orders, contracts, certifications, requisitions, or notices to proceed issued by the Client are specifically objected to and excluded. Client recognizes that neither BGE nor any of BGE's subconsultants or subcontractors owes any fiduciary responsibility or duty to Client.
34. **CONTRACTUAL LIEN TO SECURE PAYMENT:** Client grants to BGE a contractual lien in addition to all constitutional, statutory and equitable liens that may exist on the Property described in the Agreement and all improvements thereon to secure payment for all debts owed, now or in the future, to BGE by Client including those arising as a result of BGE's services provided under this Agreement. Client grants BGE the authority and right to file a copy of this Agreement in the public records of the county or counties where the Project is located. Client's representative signing below warrants that s/he has full authority to bind Client to this Agreement and further warrants that Client has an ownership interest in the Property that is part of the Project or has a direct contract or agency relationship with the Property owner. Client agrees to indemnify, save, and hold BGE harmless for any and all claims, causes of action, and damages that may arise against BGE if the representations contained in this paragraph are not correct.
35. **SEVERABILITY:** If any provision of the Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable and the Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision is not a party hereof, and the remaining provisions shall remain in full force and effect. In lieu of any illegal, invalid or unenforceable provision, there shall be added automatically as a part of the Agreement, a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.
36. **CONSTRUCTION OF AGREEMENTS:** Paragraph titles in this Agreement are for convenience only and are not intended to detract from or limit the effect of any language in this Agreement. The parties acknowledge that each party and, if it so chooses, its counsel have reviewed and revised the Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Agreement or any amendments or exhibits.
37. **SURVIVAL OF PROVISIONS:** Termination of the Services for any reason whatsoever shall not affect (a) any right or obligation of any party that is accrued or vested prior to such termination, and any provision of the Agreement relating to any such right or obligation shall be deemed to survive the termination of the Services; (b) any continuing obligation or responsibility of BGE and of Client which would otherwise survive termination of the Services; or (c) the survival of any indemnity of BGE by Client; or (d) the survival of paragraphs 1, 2, 6, 13, 16, 19, 21, and 23 - 37.



Attachment B Scope of Services

BGE will provide engineering and surveying services related to the Hydrologic/Hydraulic Study for the Montgomery Town Creek Hydrologic/ Hydraulic Study more particularly described as follows.

1 Hydrologic & Hydraulic Study

- a) Study Limits: Town Creek from Buffalo Springs Drive Bridge upstream to the FM 149 Crossing and Town Creek Tributary No. 1 (Anders Branch) from Town Creek upstream to the Montgomery City Limits (Approximately 1,000 feet north of Dr. Martin Luther King Jr. Drive crossing).
- b) Research and Data Collection
 - i) Research and obtain existing FEMA hydraulic model, drainage studies, letters of map revision or amendment, and other information relevant to the watershed being studied.
 - ii) Identify all structures affecting watershed including culverts, dams, bridges, erosion control structures, bulkheads.
 - iii) Obtain topographic information regarding the channel and flood plain using publicly available LIDAR for channel characteristics on the ground topographic surveys for structures.
- c) Watershed Description
 - i) Determine watershed size, slope, cover, and soil types.
 - ii) Provide existing and projected population estimates.
 - iii) Utilize existing and projected land use plans provided by Client.
- d) Existing Conditions Model
 - i) Prepare hydrologic and hydraulic models of the watershed based on existing conditions with the FEMA current effective 10-year, 50-year and 100-year rainfall events along with the "Atlas 14" 100-year event. Drainage Models shall be completed in accordance with City and General Land Office requirements.
 - ii) Calibrate the model based on data available from recent flood events in the watershed.
 - iii) Identify flooding and erosion issues in the watershed and propose alternative solutions to reduce flooding and erosion.
- e) Proposed Conditions Model
 - i) Prepare proposed conditions hydrologic and hydraulic models for the watershed utilizing recommended improvements such as culverts, bridges, levees, dams, erosion control features. Recommended improvements shall conform to the requirements of the Disaster Recovery Grant administered by the General Land Office.
 - ii) Compare results to determine effectiveness of recommended solutions.



Attachment B Scope of Services

- f) Stakeholder/Public Involvement
 - i) Communicate weekly with Montgomery staff regarding project progress, concerns, and schedule.
 - ii) Attend stakeholder meetings and make public presentations requested by City on a time and material basis. Budget is for one stakeholder meeting and one public presentation.
 - iii) Submit completed study and recommendations to City for review and approval.
 - iv) Address final comments from City.
- g) Provide Drainage Report and exhibits that detail findings along with electronic data files containing study data and results. Deliverables shall include detailed reports, computer models, spreadsheets, and ArcGIS and CAD drawings.

2 Capital Improvement Plan

- a) Provide technical memorandum (Capital Improvement Plan) regarding recommended improvements.
 - i) Describe and prioritize recommended improvements: recommendations may include channel alignments and improvements, drainage easements, maintenance berms or levees, modifications to existing structures at road crossings, detention recommendations, and/or extreme event flowage easements. Phase I improvements shall be selected to be completed within the Disaster Recovery grant budget with additional improvements labeled as future improvements. Phase I improvements will be modeled in the Proposed Conditions model.
 - ii) Provide conceptual budget numbers for recommended projects.
 - iii) Provide exhibit showing location of recommended improvements.

3 Schedule of Completion

BGE is aware that the schedule for completion is very important on this project. Following is a detailed schedule for completion of the project. We committed to completing the initial study and project list for a meeting with city staff by August 13, 2020 and submitting the final report by September 9, 2020.



Attachment B
Scope of Services

ID	Task Mode	Task Name	Duration	Start	Finish
0		Montgomery Drainage Study	92 days	Tue 6/9/20	Wed 10/14/20
1		Initial Engineering and Drainage Model	47 days	Tue 6/9/20	Wed 8/12/20
2		Initial Engineering	12 days	Tue 6/9/20	Wed 6/24/20
3		Prepare Initial Scope, Budget, Schedule	2 days	Tue 6/9/20	Wed 6/10/20
4		Research and Obtain Study Data/Models	10 days	Thu 6/11/20	Wed 6/24/20
5		Topographic and Easement Survey	7 days	Thu 6/11/20	Fri 6/19/20
6		Drainage Study	35 days	Thu 6/25/20	Wed 8/12/20
7		Prepare Hydrologic Model	14 days	Thu 6/25/20	Tue 7/14/20
8		Prepare Hydraulic Model	21 days	Thu 6/25/20	Thu 7/23/20
9		Run Models and Review Results	7 days	Fri 7/24/20	Mon 8/3/20
10		Validate Models	7 days	Tue 8/4/20	Wed 8/12/20
11		Capital Improvement Plan	47 days	Tue 8/4/20	Wed 10/7/20
12		Capital Project Identification	14 days	Tue 8/4/20	Fri 8/21/20
13		Identify and Prioritize Recommended Projects	7 days	Tue 8/4/20	Wed 8/12/20
14		Staff Workshop on Capital Projects	1 day	Thu 8/13/20	Thu 8/13/20
15		Prepare Budgets for Recommended Projects	7 days	Thu 8/13/20	Fri 8/21/20
16		Prepare Technical Report	3 days	Fri 8/14/20	Tue 8/18/20
17		Proposed Drainage Study	19 days	Fri 8/14/20	Wed 9/9/20
18		Prepare Proposed Hydraulic Model	7 days	Fri 8/14/20	Mon 8/24/20
19		Run Model and Review Results	5 days	Tue 8/25/20	Mon 8/31/20
20		Prepare Drainage Report and Exhibits	7 days	Tue 9/1/20	Wed 9/9/20
21		City Approval Process	20 days	Thu 9/10/20	Wed 10/7/20
22		City Review & Comment	15 days	Thu 9/10/20	Wed 9/30/20
23		Revisions and Final Report	5 days	Thu 10/1/20	Wed 10/7/20
24		Presentation	5 days	Thu 10/8/20	Wed 10/14/20
25		Public Meeting	5 days	Thu 10/8/20	Wed 10/14/20
26		Prepare for and attend Public Meeting	5 days	Thu 10/8/20	Wed 10/14/20

Project: Montgomery Drainage Date: Wed 6/3/20	Task		Manual Summary Rollup	
	Split		Manual Summary	
	Milestone		Start-only	
	Summary		Finish-only	
	Project Summary		External Tasks	
	Inactive Task		External Milestone	
	Inactive Milestone		Deadline	
	Inactive Summary		Progress	
	Manual Task		Manual Progress	
	Duration-only			



Attachment C
Compensation

Professional Services will be invoiced monthly based on the percentage of work complete or the actual time, materials and expenses utilized to complete the work in accordance with the following schedule.

Task No.	Description	Basis of Fee	Fee/ Budget
1	Hydrologic/ Hydraulic Study (10-Year, 50-Year, 100-Year and Atlas 14 100-Year)	Lump Sum	\$48,000
2	Topographic Survey	Hourly	\$3,500
3	Stakeholder/ Council Workshops	Hourly	\$3,500
4	Capital Improvement Plan	Lump Sum	\$4,000
	TOTAL		\$59,000

Reimbursable expenses such as deliveries, printing, out-of-town travel, are invoiced at cost plus 10%. Applicable sales tax will be added to fees subject to sales tax. Invoices will be mailed monthly and payable upon receipt. Failure to make payment within 30 days will result in an interest charge equal to 18 percent per annum. Hourly fees will be 2.5 times the direct personnel expense. Survey crews are charged at \$160 per hour including salaries and all expenses.

Revisions due to changes by the client or changes in the Scope of Services will be considered additional services. Any additional services will be covered under a separate written proposal prior to proceeding.

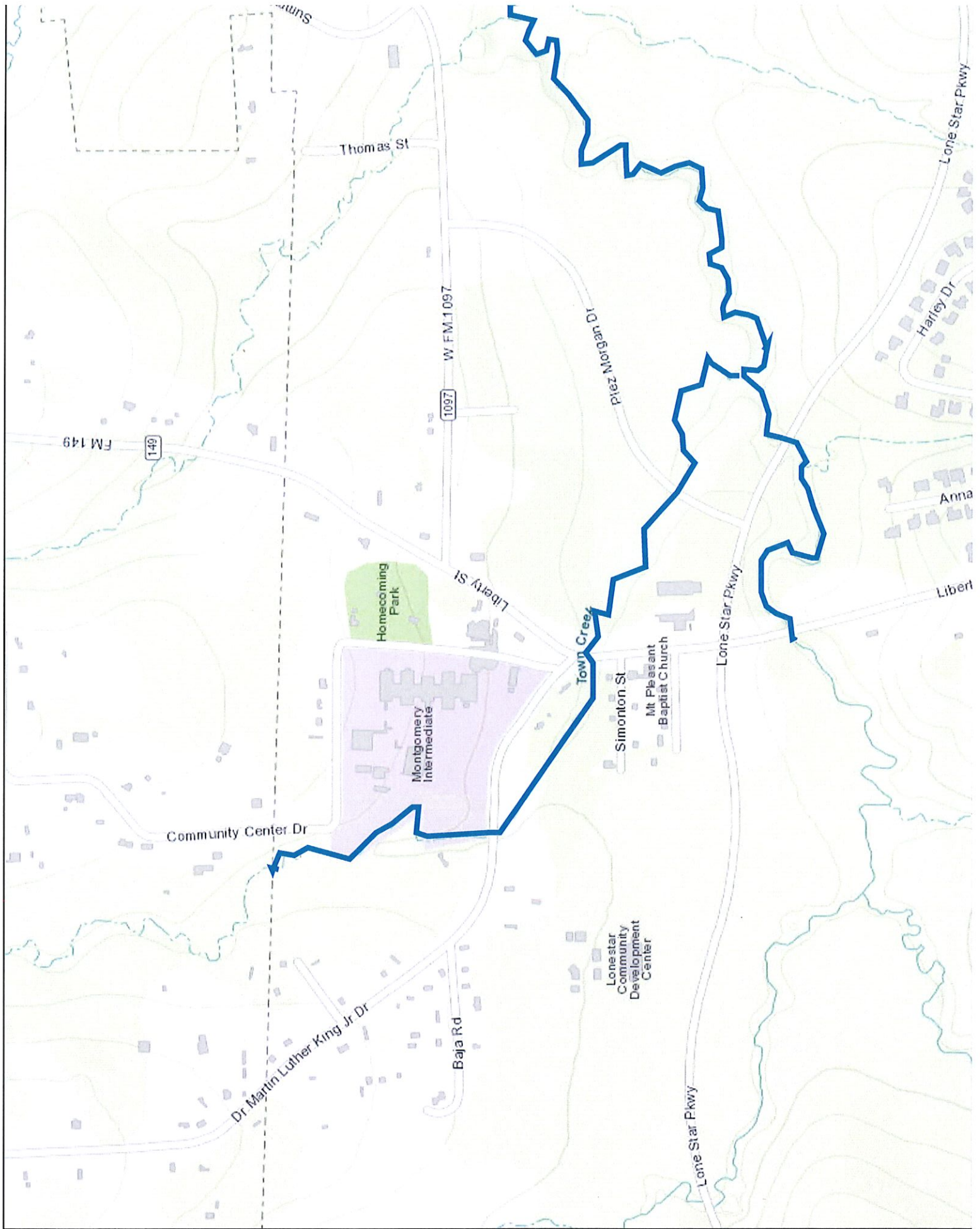
BGE, INC.
2020 BILLING RATES

The Engineering fee for hourly services is determined by using a multiplier of 2.5 as the Overhead and Profit Factor, multiplied by Direct Personnel Expense of 1.3.

<u>Employee Title Category</u>	<u>Billing Rate Range</u>
Engineer I, II	\$91 - \$126
Engineer III, IV	\$103 - \$189
Engineer V, VI	\$128 - \$353
Engineer VII	\$214 - \$328
Engineering Tech	\$52 - \$112
CAD Technician I, II, III	\$52 - \$125
Designer I, II, III	\$92 - \$271
Mgmt of CAD/Design/Construction	\$148 - \$220
Platting Services	\$78 - \$238
IT Services (GIS, Architects, Engineers)	\$67 - \$107
Scheduler I, II, III	\$113 - \$228
Construction Tech I, II, III	\$71 - \$214
Inspector I, II, III	\$49 - \$176
Chief of Inspectors	\$128 - \$194
Environmental Field Services	\$46 - \$127
Environmental Services Management	\$129 - \$271
Survey Crew - Unit Rate ¹	\$160
Survey Technician I, II, Senior	\$62 - \$133
Project Surveyor I, II, Chief of Parties	\$105 - \$167
Surveying Manager, Director	\$130 - \$234
Admin Asst I, II, III, Recordkeeper	\$53 - \$138
Planner I, II, III, IV	\$73 - \$159
Planning Management	\$223 - \$246
Planning Coordinator	\$75 - \$125
Planning Tech	\$52 - \$58

¹Survey Crew is billed at an hourly 'Unit' rate.

The unit rate includes imputed costs for survey equipment, GPS, vehicles, and materials such as stakes, flagging and iron rods and personnel.



Montgomery City Council
AGENDA REPORT

Meeting Date: June 9, 2020	Budgeted Amount: N/A
Department: Administrative	
Prepared By: Dave McCorquodale	Exhibits: Proposed ordinance with exhibit
Date Prepared: June 3, 2020	

Subject

Consideration and possible action regarding adoption of the following Ordinance:

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS AMENDING THE ZONING CLASSIFICATIONS AS DEFINED IN THE CITY CODE OF ORDINANCES CHAPTER 98, "ZONING," FOR LOT 16, AREA D, MONTGOMERY TOWNSITE SECTION FOUR FROM "R-1" SINGLE-FAMILY AND "B" COMMERCIAL ZONING DISTRICTS, AS FOUND ON THE CITY'S OFFICIAL ZONING MAP TO "B" COMMERCIAL ZONING DISTRICT CLASSIFICATION; AND TO AMEND THE OFFICIAL ZONING MAP; PROVIDING A SAVINGS CLAUSE; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE UPON PASSAGE AND PUBLICATION.

Description

The request is for the vacant lot with Pond Street frontage behind the Heritage Place building nearest to the Valero fueling station. The property currently lies equally in two zoning districts: B-Commercial on the eastern half and R1-Single-Family Residential on the western half. The owner has applied to rezone the entire property to B-Commercial and construct an additional surface parking lot to serve the Heritage Place development. The Public Hearings for P&Z & City Council have been held with no comments received.

Adoption of the attached ordinance would change the zoning classification as described.

Recommendation

Adopt the ordinance to rezone the property from mix of B-Commercial and R1-Single-Family Residential to all B-Commercial.

Approved By

Asst. City Administrator	Dave McCorquodale <i>DM</i>	Date: 06/03/2020
City Administrator	Richard Tramm <i>RT</i>	Date: 06/03/2020

ORDINANCE NO. _____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS AMENDING THE ZONING CLASSIFICATIONS AS DEFINED IN THE CITY CODE OF ORDINANCES CHAPTER 98, "ZONING," FOR LOT 16, AREA D, MONTGOMERY TOWNSITE SECTION FOUR FROM "R-1" SINGLE-FAMILY AND "B" COMMERCIAL ZONING DISTRICTS, AS FOUND ON THE CITY'S OFFICIAL ZONING MAP TO "B" COMMERCIAL ZONING DISTRICT CLASSIFICATION; AND TO AMEND THE OFFICIAL ZONING MAP; PROVIDING A SAVINGS CLAUSE; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE UPON PASSAGE AND PUBLICATION.

WHEREAS, the City Council has passed the City of Montgomery Zoning Ordinance providing certain rules and regulations concerning zoning within the City of Montgomery, as found in the Code of Ordinances ("CODE") at Chapter 98; and

WHEREAS, a portion of the Property described in attached Exhibit "A," (the "Property") is currently zoned "R-1" (Single-Family) and "B" (Commercial) on the City's Official Zoning Map; and

WHEREAS, the Owners, Christian C and Mary Cheatham, have requested that the City Council rezone the Property as solely "B" Commercial as authorized by Section 98-30 of the CODE; and

WHEREAS, the Planning and Zoning Commission conducted two public hearings on the proposed zoning reclassification of the Property on February 24th, 2020; and March 3rd, 2020

WHEREAS, pursuant to Section 98-30(c) of the CODE, the City Planning and Zoning Commission has submitted a Final Report to the City Council in which it has voted to approve and recommend that the Property be reclassified as entirely "B" Commercial consistent with its proposed use; and

WHEREAS, a public hearing was also conducted on March 10, 2020 before the City Council, as authorized by Section 98-30(d) of the CODE, in order to consider the Final Report and the proposed amendment of the zoning classification of the Property to; and

WHEREAS, the City Council finds that all notifications and other procedures required by Section 98-30 of the CODE have been followed; and

WHEREAS, the City Council has determined that it is not contrary to the interests of the citizens of the City that the Property should be entirely reclassified as "B" Commercial Zoning.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, MONTGOMERY COUNTY, TEXAS THAT:

Section 1. Adoption of Recitals. The recitals in the preamble to this Ordinance are hereby adopted as the findings and conclusions of the City Council.

Section 2. Amendment to the City Zoning Map. Pursuant to Section 98-30 of the Code of Ordinances, City of Montgomery, Texas, the Official Zoning Map of the City of Montgomery is hereby amended so that the zoning classification of the entirety of the Property located behind the Heritage Place development as described in the attached Exhibit "A", is reclassified as B-Commercial.

Section 3. Codification of this Ordinance. Wherever any provision of this Ordinance provides for the amendment of the Code of Ordinances, City of Montgomery, Texas, such provision shall be liberally construed to provide for the codification of the specified provision and for such other provisions of the Ordinance that the codifier in its discretion deems appropriate to codify. The codifier may change the designation or numbering of chapters, articles, divisions or sections as herein specified in order to provide for logical ordering of similar or related topics and to avoid the duplicative use of chapter, article or section numbers. Neither the codification nor any application of the codified Ordinance shall be deemed invalid on the basis of a variance in the number or section of this Ordinance and its codified provisions. The failure to codify the specified provisions of this Ordinance shall not affect their validity or enforcement.

Section 4. Repeals all Ordinance in Conflict with this Ordinance.

Any and all provisions of ordinances in conflict with this Ordinance are hereby expressly repealed.

Section 5. Savings Clause.

If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional, void, or invalid, the validity of the remaining portion of this Ordinance shall not be affected hereby, it being the intention of the City Council of the City of Montgomery in adopting and of the Mayor in approving this Ordinance, that no portion hereof or provisions or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision or regulation.

Section 6. Effective Date.

The effective date of this Ordinance shall be upon its passage and publication.

PASSED AND APPROVED this _____ day of _____, 2020

Sara Countryman, Mayor

ATTEST:

Susan Hensley, City Secretary

APPROVED AS TO FORM:

Alan P. Petrov, City Attorney

Montgomery City Council
AGENDA REPORT

Meeting Date: June 9, 2020	Budgeted Amount: N/A
Department: Administrative	
Prepared By: Dave McCorquodale	Exhibits: Engineer's memo, developer request letter, preliminary plat
Date Prepared: June 3, 2020	

Subject

Consideration and possible action of the City Council, acting as the Zoning Board of Adjustment, regarding a variance request for 5-foot side yard setbacks in lieu of the required 10-foot side yard setback for Hills of Town Creek Section Four, as submitted by Chris Cheatham / The Hills of Town Creek, LLC.

Description



Section 98-122 of the Zoning Ordinance requires a side yard of not less than 10-feet in R1 – Single-Family Residential districts. The developer is requesting a 5-foot variance to allow for 5-foot side yards.

City Council is acting as the Zoning Board of Adjustment in considering the request.

Recommendation

Consider the request, along with any public comments received, and act as you see fit.

Approved By

Asst. City Administrator	Dave McCorquodale 	Date: 06/03/2020
City Administrator	Richard Tramm 	Date: 06/03/2020



1575 Sawdust Road, Suite 400
The Woodlands, Texas 77380
Tel: 281.363.4039
Fax: 281.363.3459
www.jonescarter.com

April 29, 2020

The Planning and Zoning Commission
City of Montgomery
101 Old Plantersville Road
Montgomery, Texas 77316

Re: Variance Request
The Hills of Town Creek Sec. 4 (Dev. No. 2004)
City of Montgomery

Dear Commission:

The Hills of Town Creek, LLC ("the Developer") plans to proceed with construction of a new residential development along Emma's Way, north of SH-105. The Developer is requesting the following variances from the City's Code of Ordinances:

- Section 78-88: The Code of Ordinances requires single-family residential developments to have a minimum 75' lot width, 120' lot depth, and 9,000 SF lot area. The Developer is proposing to provide 50' wide lots with sizes ranging from 5,300 SF to 27,000 SF. Additionally, several lots are proposed to have average depths of as little as 110'. The Developer is requesting a variance to allow a 50' lot width, 110' lot depth, and to allow the minimum lot area to be 5,300 SF.
- Section 78-95: The Code of Ordinances requires that compensating open space be provided equal to the total reduction in lot size from the 9,000 SF minimum. The Developer is requesting a variance to not provide compensating open space.
- Section 98-122 (a): The Code of Ordinances requires single-family residential developments to have a minimum 10' side yard. The Developer is requesting a variance to allow a 5' side yard.

Enclosed you will find requests for variance as submitted by the engineer for the development and a copy of the preliminary plat. The lot size and side yard variances are consistent with the variances previously approved for Hills of Town Creek Sections 2 & 3. It is important to note that Hills of Town Creek Sections 2 & 3 did provide compensating open space. The Developer currently proposes no compensating open space for this section nor does this section have direct access to adjacent open space.

Approval of the requested variances does not constitute plan approval and only allows the Developer to further refine the proposed plat and site plans, which will require the full review and approval of the City. Additionally, the development still needs to go through the Utility and Economic Feasibility study process to determine if any improvements to existing infrastructure need to be considered.



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/ab

K:\W5841\W5841-0900-00 General Consultation\Correspondence\Letters\2020\MEMO to P&Z RE Hills of Town Creek Sec. 4 Variance Requests.doc

Enclosures: Redlined Preliminary Plat
Variance Requests

Cc (via email): The Honorable Mayor and City Council – City of Montgomery
Mr. Richard Tramm – City of Montgomery, City Administrator
Ms. Susan Hensley – City of Montgomery, City Secretary
Mr. Dave McCorquodale – City of Montgomery, Director of Planning & Development
Mr. Alan Petrov – Johnson Petrov, LLP, City Attorney



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): Chris Cheatham, Cheatham Management

Address: PO Box 234 Montgomery, TX Zip Code: 77356

Email Address: ccheatham@consolidated.net Phone: 936-449-5400

Applicants: L Squared Engineering

Address: 3307 W Davis Street, Suite 100 Conroe, TX 77304

Email Address: Jwhite@L2Engineering.com Phone: 936-647-0420

Parcel Information

Property Identification Number (MCAD R#): Part of R362322

Legal Description: Part of Tracts 54-C and 63A-1, within the Ben J Rigsby Survey, Abstract 31

Street Address or Location: Emma's Way and Scenic Hills Court

Acreage: 8.1365 Present Zoning: Commercial Present Land Use: Vacant

Variance Request

Applicant is requesting a variance from the following:

City of Montgomery Ordinance No.: 2014-03 Section(s): 78-88

Ordinance wording as stated in Section (78-88):
(C) Minimum width is 75'

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

Lot sizes will have minimum lot width of 50' similar to Hills of Town Creek Sections 2 & 3.



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): Chris Cheatham, Cheatham Management

Address: PO Box 234 Montgomery, TX Zip Code: 77356

Email Address: ccheatham@consolidated.net Phone: 936-449-5400

Applicants: L Squared Engineering

Address: 3307 W Davis Street, Suite 100 Conroe, TX 77304

Email Address: Jwhite@L2Engineering.com Phone: 936-647-0420

Parcel Information

Property Identification Number (MCAD R#): Part of R362322

Legal Description: Part of Tracts 54-C and 63A-1, within the Ben J Rigsby Survey, Abstract 31

Street Address or Location: Emma's Way and Scenic Hills Court

Acreage: 8.1365 Present Zoning: Commercial Present Land Use: Vacant

Variance Request

Applicant is requesting a variance from the following:

City of Montgomery Ordinance No.: 2014-03 Section(s): 98-122

Ordinance wording as stated in Section (98-122):
(a)(2) There shall be a side yard on each side of the lot having a width of not less than 10'

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

Side yards will have a setback on each side of the lot of 5' similar to Hills of Town Creek Section 3.

Signatures

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

Signature: Chris Chant Date: 4/13/20

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.

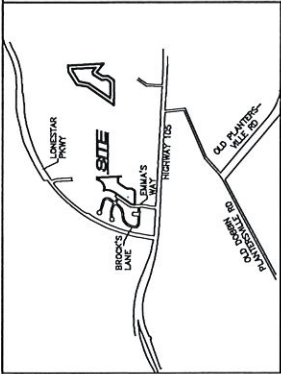
A site plan.

All applicable fees and payments.

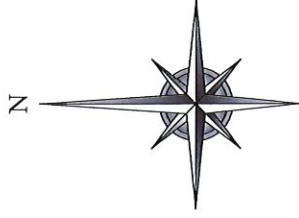
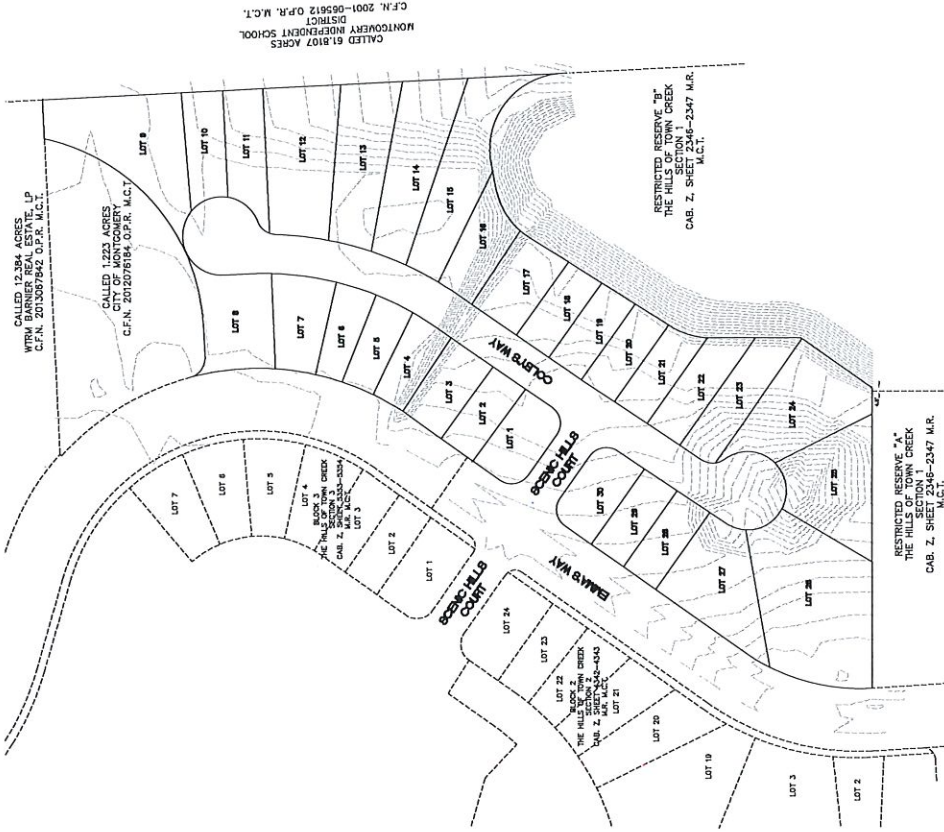
The application from must be signed by the owner/applicant. If the applicant is not the owner, written authorization from the owner authorizing the applicant to submit the variance request shall be submitted.

Date Received

Office Use



LOCATION MAP
NOT TO SCALE



LEGEND / ABBREVIATIONS

CLN	CLERK'S FILE NUMBER
FOUND	FOUND
OP.R.	OFFICIAL PUBLIC RECORDS
M.C.T.	MONTGOMERY COUNTY, TEXAS
R.O.W.	RIGHT-OF-WAY
(TYP.)	TYPICAL
VEG.	VEGETATION SETBACK
PROPERTY MARKER	PROPERTY MARKER

CITY OF MONTGOMERY BENCHMARKS

MON 3 ELEV.-288.75'
 3" BRASS DISK LOCATED FROM THE INTERSECTION OF HWY 100 AND HWY 149, WEST 4700' TO THE PARKING LOT ON THE NORTH SIDE OF HWY 103.

MON 7 ELEV.-291.77'
 3" BRASS DISK IS LOCATED IN THE CENTER OF BROOKS LANE (NORTH) OF GAS PUMPING AREA OF BROOKS BROTHERS GROCERY STORE, AS WELL AS HOUSES HWY 105(SOUTH) FROM THE OLDE SCHOOL HOUSE.

BENCHMARK

BRASS DISK IN CONCRETE ELEV.=314.12'
 BRASS DISK IN CONCRETE IN THE SOUTHEAST CORNER OF EMMA'S WAY LOCATED NORTH 291.31' WEST, A DISTANCE OF 2.19' FROM THE HILLS OF TOWN CREEK.

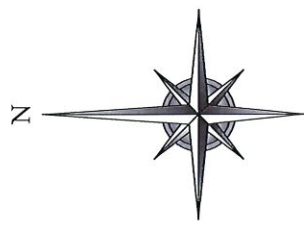
PRELIMINARY PLAT
 THE HILLS OF TOWN CREEK
 SECTION 4
 A SUBDIVISION OF
 8.1365 ACRES (354,425 SQ. FT.)
 BENJAMIN RIGBY LEAGUE, ABSTRACT 31
 MONTGOMERY COUNTY, TEXAS

30 LOTS
 APRIL 2020
 1 BLOCK

CORE
 SURVEYING
 18710 CROOKS HILL ROAD, SUITE 120
 THE WOODLANDS, TX 77380
 T: 281.838.1208
 coreandsurveying.com

ENGINEER:
LSQUARED ENGINEERING
 21123 EVA ST #200
 MONTGOMERY, TX 77338
 (936) 847-0420

- GENERAL NOTES:**
- The coordinates shown herein are Texas Central Zone No. 4204 State Plane Grid Coordinates (NAD83) and may be brought to surface by applying the following combined scale factor 0.999922.
 - Distances shown along curves are arc lengths.
 - Flood Statement: This site (proposed area) is situated in Zone "X" in Montgomery County, Texas according to FEMA map number 483390200C dated August 18, 2014. This statement does not imply that the property shown herein is in a flood hazard area or that any damage to the property shown herein is the result of an elevation change. This Flood Statement shall not create liability on the part of the surveyor.
 - All corners are set 5/8 inch iron rods with cap stamped "Core 6857" unless otherwise shown or noted.
 - In addition to the building line shown on the face of the plat, all lots shall have a minimum 5' side yard setback and a minimum 10' rear yard setback, unless otherwise noted.



GRAPHIC SCALE
(IN FEET)
1 inch = 60 ft.

NO.	BEARING	LENGTH
L1	N 87°03'32" E	37.81'
L2	N 87°03'32" E	49.29'
L3	S 79°22'17" W	33.86'
L4	S 85°52'12" E	25.00'
L5	N 02°52'32" W	32.80'
L6	N 87°02'28" E	25.00'
L7	S 23°23'42" E	0.69'

NO.	LENGTH	RADIUS	DELTA	CHD. BRG.	CHORD
C1	175.50'	240.00'	384°13'38"	N 15°50'09" E	172.23'
C2	286.60'	340.00'	49°53'54"	N 10°12'24" E	287.28'
C3	34.08'	25.00'	78°06'01"	S 53°51'15" E	31.50'
C4	338.68'	260.00'	74°38'05"	N 49°46'29" E	335.24'
C5	163.74'	96.00'	97°43'25"	N 51°40'06" W	144.60'
C6	78.92'	96.00'	47°06'25"	S 55°09'11" W	76.72'
C7	54.14'	96.00'	32°13'55"	S 10°06'42" W	53.49'
C8	39.29'	25.00'	90°22'44"	N 80°13'15" E	35.37'
C9	39.25'	25.00'	89°57'16"	N 09°46'27" W	35.34'
C10	38.62'	25.00'	88°30'04"	S 10°07'21" E	34.80'
C11	39.92'	25.00'	90°74'53"	S 79°57'08" W	35.53'
C12	218.61'	50.00'	259°51'04"	N 89°38'07" E	81.65'
C13	20.77'	25.00'	70°21'44"	S 01°21'12" E	28.87'
C14	255.51'	390.00'	37°32'14"	N 15°53'35" E	200.96'
C15	271.89'	415.00'	37°32'14"	S 15°53'35" W	267.07'
C16	251.84'	440.00'	32°47'37"	N 18°15'53" E	248.41'
C17	29.27'	25.00'	67°04'15"	N 35°24'12" E	27.62'
C18	218.75'	50.00'	255°48'52"	N 65°53'07" W	81.00'

LEGEND / ABBREVIATIONS

CAB. CABINET FILE NUMBER
FND. FOUND
IRON ROD
MONTGOMERY COUNTY, TEXAS
M.R. MAP RECORDS
TYP. TYPICAL
V.S. VEGETATION SETBACK
PROPERTY MARKER

CITY OF MONTGOMERY BENCHMARKS

MONT 3 ELEV=286.73'
MONT 7 ELEV=291.77'

BRASS DISK LOCATED FROM THE INTERSECTION OF HWY 105 AND THE HERITAGE HOUSE RESTAURANT, WHICH IS LOCATED ON THE NORTH SIDE OF HWY 105.

BRASS DISK IS LOCATED IN THE CENTER OF MONTGOMERY ON THE SOUTH SIDE OF HWY 105. MARK IS IN FRONT (NORTH) OF GAS PUMPING AREA OF APPROXIMATELY 100' FROM THE HERITAGE HOUSE.

BENCHMARK

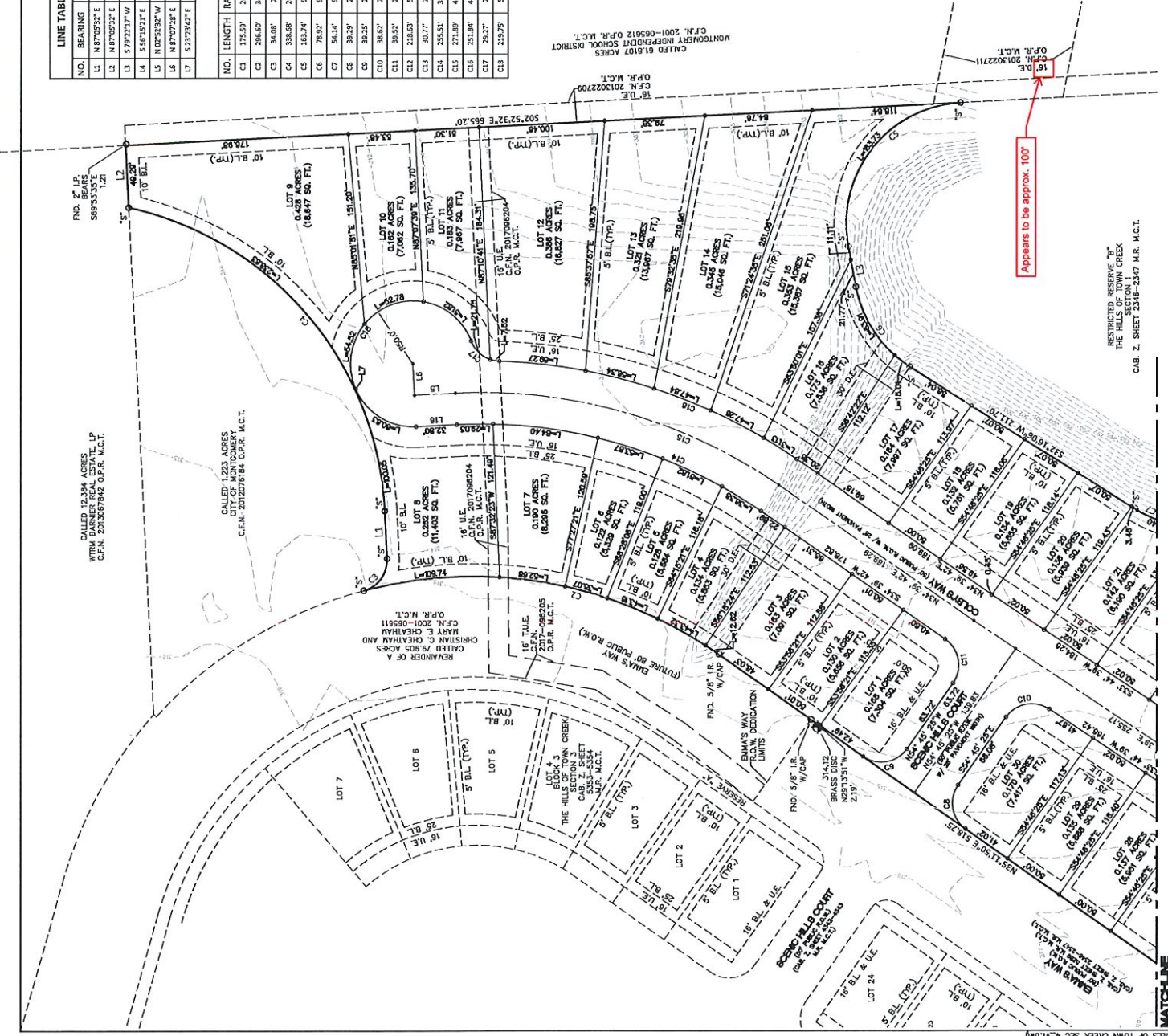
BRASS DISK IN CONCRETE ELEV=314.12'
BRASS DISK IN CONCRETE IN THE SOUTHEAST RIGHT-OF-WAY OF DIMAS WAY LOCATED NORTH OF COMMON CREEK AT A DISTANCE 2.19' FROM THE COMMON CORNER OF LOTS 1 AND 2, BLOCK 1, THE HILLS OF TOWN CREEK.

PRELIMINARY PLAT
THE HILLS OF TOWN CREEK
SECTION 4
A SUBDIVISION OF
8.1365 ACRES (354,425 SQ. FT.)
BENJAMIN RIGBY LEAGUE, ABSTRACT 31
MONTGOMERY COUNTY, TEXAS

30 LOTS
1 BLOCK
APRIL 2020

CORE
SURVEYOR
LAND SURVEYING TRPLS REG NO. 1038450
10210 GROGAN'S MILL ROAD, SUITE 120
MONTGOMERY, TX 77338
T: 284.824.1208
corelandsurveying.com

ENGINEER
LSQUARED ENGINEERING
NATIONAL COMMERCIAL SURVEYING
21123 EVA ST #200
MONTGOMERY, TX 77338
(936) 847-0420



Appears to be approx. 100'

RESTRICTED RESERVE "B"
THE HILLS OF TOWN CREEK
SECTION 4
CAB. Z. SHEET 2348-2347 M.R. M.C.T.

MATCHLINE

LEGEND / ABBREVIATIONS

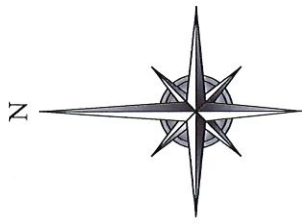
- CAB. CABINET
- CL. CLERK'S FILE NUMBER
- C.F.N. COUNTY FILE NUMBER
- F.N.D. FOUNDATION
- R.O.D. RIGHT-OF-WAY
- O.P.R. OFFICIAL PUBLIC RECORDS
- M.P.R. MAP RECORDS
- M.C.T. METEOROLOGICAL
- R.O.W. RIGHT-OF-WAY
- (TYP.) (TYPICAL)
- VEG. VEGETATION SETBACK
- PROPERTY MARKER

CITY OF MONTGOMERY BENCHMARKS

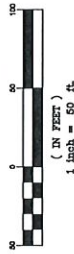
- MONT 3 ELEV.=288.73'
3" BRASS DISK LOCATED AT THE INTERSECTION OF HWY 105 AND HWY 149, WEST ±4700' TO THE PARKING LOT, IN THE "COURT HOUSE" BUILDING, WHICH IS LOCATED ON THE NORTH SIDE OF HWY 105.
- MONT 7 ELEV.=291.77'
3" BRASS DISK IS LOCATED IN THE CENTER OF MONTGOMERY ON THE SOUTH SIDE OF HWY 105, MARK BROOKSHIRE BROTHERS GROCERY STORE, AS WELL AS ACROSS HWY 105(SOUTH) FROM THE OLDS SCHOOL HOUSE.

BENCHMARK

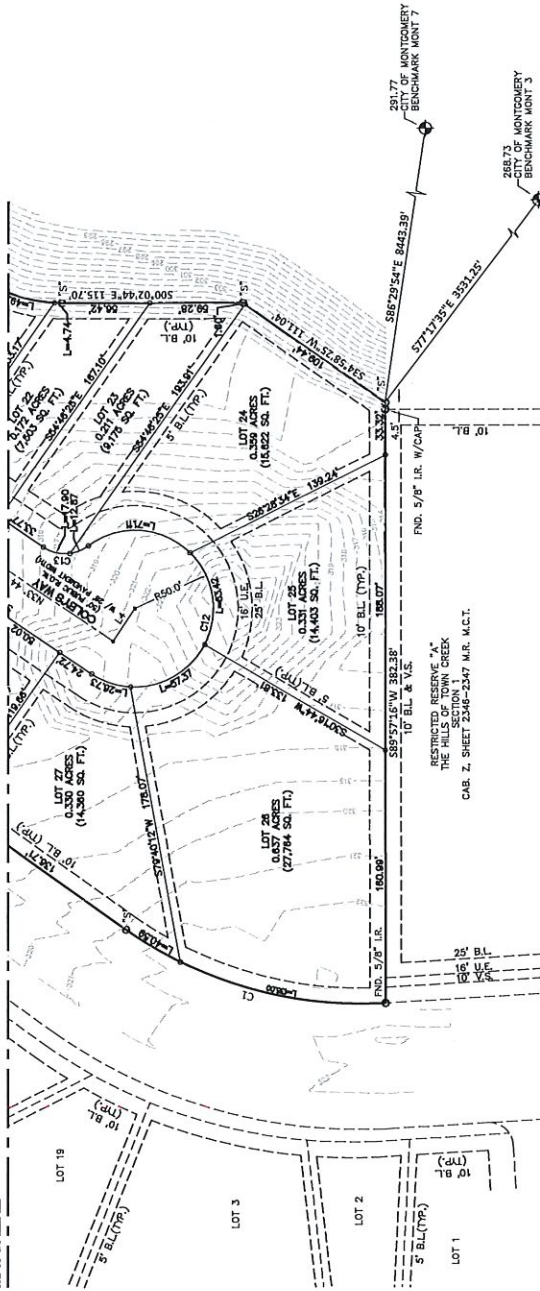
- BRASS DISK IN CONCRETE ELEV.=314.12'
BRASS DISK IN CONCRETE IN THE SOUTHWEST CORNER OF EDWARDS' WAY LOCATED NORTH 291°35'1" WEST, A DISTANCE OF 2.19' FROM THE INTERSECTION OF HWY 105 AND HWY 149, IN THE HILLS OF TOWN CREEK.



GRAPHIC SCALE
(IN FEET)
1 inch = 60 ft.



MATCHLINE



PRELIMINARY PLAT
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MONTGOMERY COUNTY, TEXAS

30 LOTS
APRIL 2020
1 BLOCK

SURVEYOR: **CORE**
LAND SURVEYING
10210 GROCANS MILL ROAD, SUITE 120
MONTGOMERY, TX 77366
T: 284.838.1208
corelandsurveying.com

ENGINEER: **L SQUARED ENGINEERING**
21123 EVA ST. #200
MONTGOMERY, TX 77366
(936) 847-0420

NO.	BEARING	LENGTH
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L3	S 79°23'17" W	32.88'
L4	S 65°12'31" E	25.00'
L5	N 02°52'22" W	23.86'
L6	N 87°07'28" E	25.00'
L7	S 23°23'42" E	0.69'

CURVE TABLE

NO.	LENGTH	RADIUS	DELTA	CHD. BRG.	CHORD
C1	175.59'	260.00'	38°41'28"	N 15°50'59" E	172.37'
C2	296.60'	340.00'	46°58'54"	N 10°12'24" E	289.28'
C3	34.08'	25.00'	78°05'01"	S 55°15'15" E	31.50'
C4	338.68'	260.00'	74°38'06"	N 49°46'29" E	315.24'
C5	143.74'	96.00'	97°43'23"	N 51°46'06" W	144.60'
C6	78.92'	96.00'	47°06'15"	S 55°49'11" W	76.72'
C7	54.14'	96.00'	32°18'05"	S 16°08'41" W	53.43'
C8	39.59'	25.00'	90°02'44"	N 60°13'13" E	35.37'
C9	39.25'	25.00'	89°57'16"	N 09°46'47" W	35.34'
C10	38.62'	25.00'	88°30'04"	S 10°30'23" E	34.89'
C11	39.52'	25.00'	90°24'53"	S 79°57'08" W	35.53'
C12	218.63'	50.00'	25°23'14"	N 88°28'47" E	81.65'
C13	30.77'	25.00'	20°31'44"	S 01°11'13" E	28.87'
E14	255.51'	390.00'	37°32'14"	N 15°53'25" E	250.96'
C15	271.89'	415.00'	37°32'14"	S 15°53'25" W	267.05'
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C17	29.27'	25.00'	67°04'15"	N 35°20'12" E	27.62'
C18	219.25'	50.00'	251°48'53"	N 65°48'02" W	81.00'

Montgomery City Council
AGENDA REPORT

Meeting Date: June 9, 2020	Budgeted Amount: N/A
Department: Administrative	
Prepared By: Dave McCorquodale	Exhibits: Victorian cottage design & revised site plan; and original site plan and approved cottages for reference
Date Prepared: June 3, 2020	

Subject

Consideration and possible action regarding approval of a revised site plan and an additional cottage design for Moon Over Montgomery, as submitted by Larry Jacobs.

Description

In December of 2019, City Council approved a Special Use Permit (SUP) for Moon Over Montgomery, a short-term rental cottage project owned by Larry & Beverley Jacobs. The project is located at 1062 Clepper Street (behind Jim’s Hardware). The SUP approved three specific cottage designs and a preliminary site plan. Mr. Jacobs is presenting another cottage design with a Victorian-era aesthetic and has revised the site plan after evaluating options with his project engineer.



The wording of the SUP does not allow for a revised site plan or variations in cottage designs without approval of Council. This is quite prudent for the site plan and not overly cumbersome for the cottage designs. Given the limited number of cottages in the development (14 total), Council may only see 2 to 3 new cottage designs for approval, if any at all.

Amending the SUP requires the same process as the original adoption. Since it is an amendment to the City Zoning Ordinance, P&Z and City Council would hold Public Hearings with legal notices published and mailed before adopting an amended SUP. Given the time and cost involved in amending the SUP, staff recommends continuing to work within the framework of the existing document.

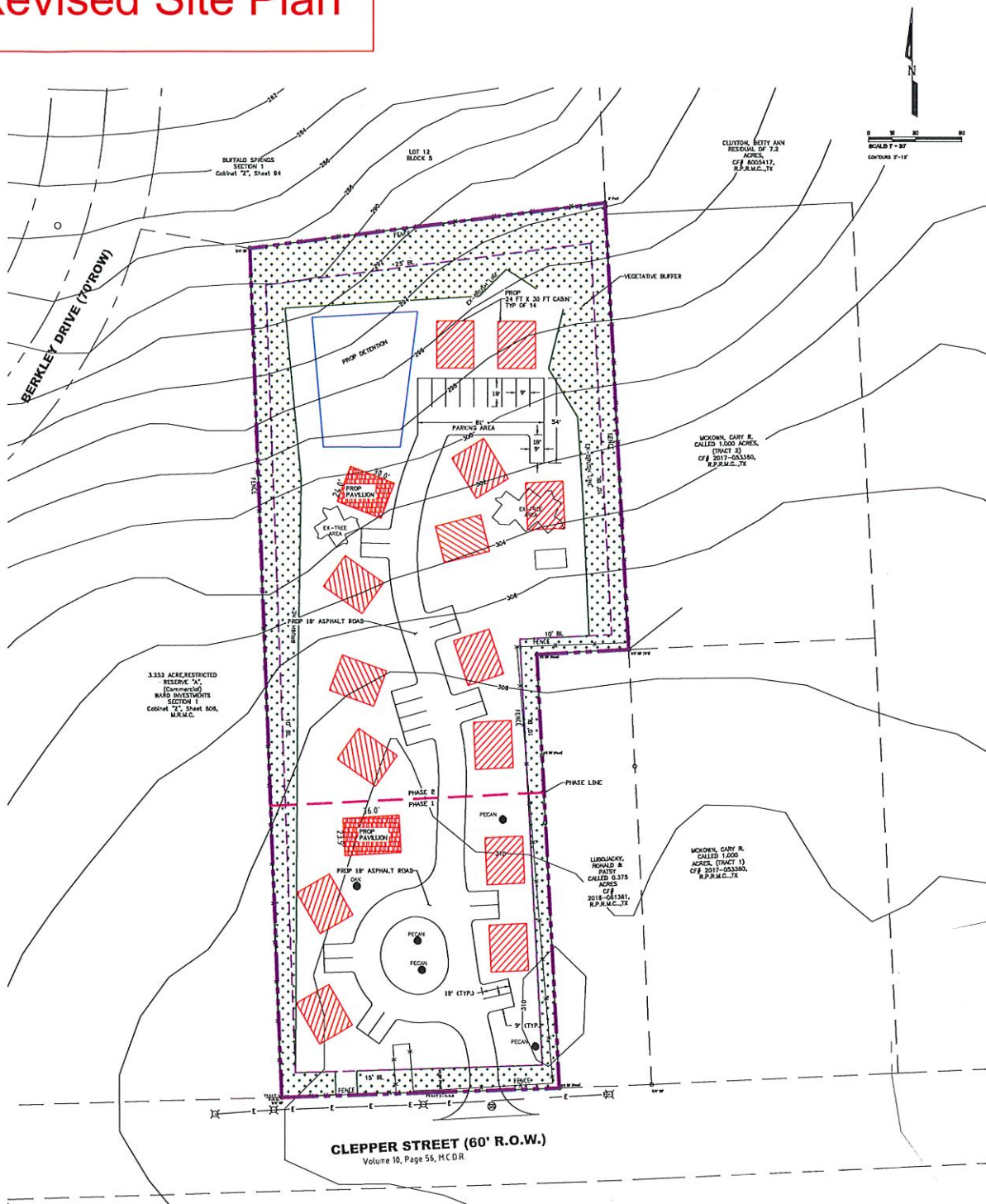
Recommendation

Approve the new cottage design and revised site plan as presented. Council may also want to consider authorizing staff to have discretion in approving minor design changes that are substantially similar to those already approved by City Council.

Approved By

Asst. City Administrator	Dave McCorquodale 	Date: 06/03/2020
City Administrator	Richard Tramm 	Date: 06/03/2020

Revised Site Plan



TOTAL SITE=2.573 ACRES
 PHASE 1=APPROX 0.758 ACRES
 PHASE 2=APPROX 1.815 ACRES
 0.726 ACRES VEGETATIVE BUFFER

14 PROPOSED CABINS
 PHASE 1=4 CABINS
 PHASE 2=10 CABINS
 MIN 2 ROCKED PARKING SPACES PER CABIN IN FRONT OF EACH CABIN
 530 L.F. ASPHALT PAVING, INCLUDING CIRCLE TURNAROUND



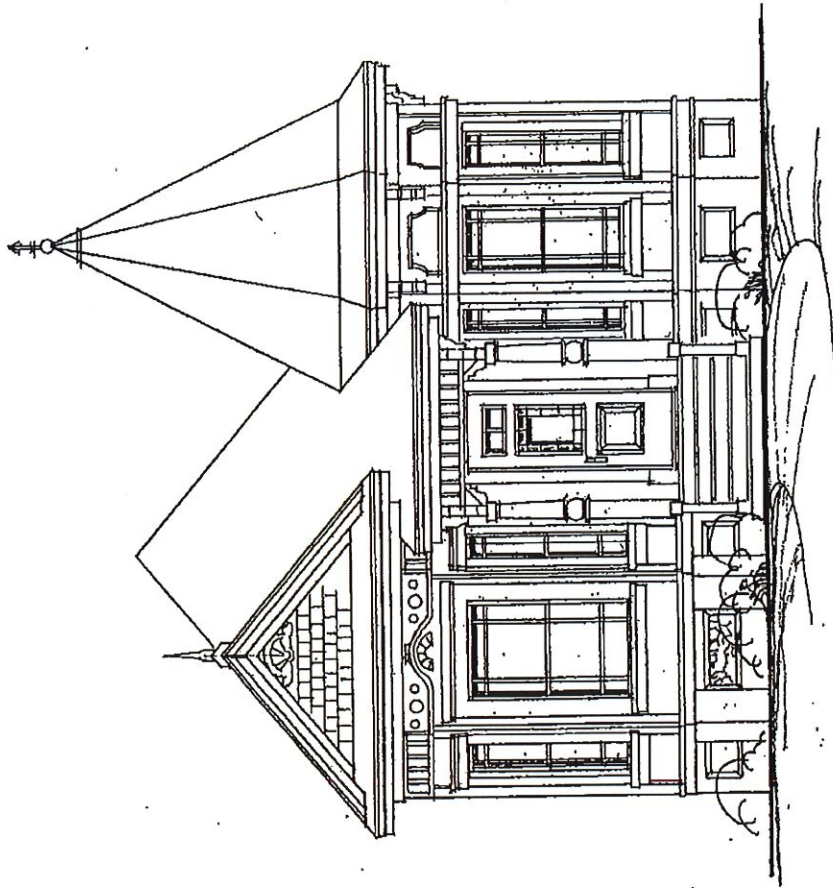
LIGHTPOINT
 Consulting Engineers

204 W. MONTGOMERY ST.
 WILLIS, TEXAS 77378
 TEL (936) 207-9984
 TBPE Firm No. 18938

MOON OVER MONTGOMERY SITE EXHIBIT

PROJECT #:1102

DATE: 6/2/2020



The Sabine - B.

ZONE: 1/4-110 50-14-00

Proposed Victorian style cottage

- 1) THE RANGE FROM BEARING AND BASED ON NAD 83, TEXAS CENTRAL ZONE
- 2) THE SURVEYOR HAS NOT ABSTRACTED THIS SURVEY FROM THE PUBLIC RECORDS
- 3) THIS SURVEY RELIES ON THE TITLE COMMITMENT FROM OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY OF DALLAS, TEXAS, EFFECTIVE DATE JULY 4, 2014 FOR ALL THINGS OF RECORD.
- 4) AS SURVEYOR I HAVE NO INVESTIGATION OR INSPECTION OF ANY OF THE EXISTING RECORDS, INCLUDING ANY RESTRICTIVE COVENANTS, COVENANTS, EASEMENTS, OR ANY OTHER FACTS THAT AFFECT THE ACCURACY OF THIS SURVEY OR MAY BE OF USE.
- 5) PROPERTY SUBJECT TO THE RESTRICTIONS AND COVENANTS UNDER DEEDS REF. NO. A 20040134 AND 20040001, BEH. PROPERTY RECORDS, MONTGOMERY COUNTY, TEXAS
- 6) MONTGOMERY COUNTY MAY REQUIRE THIS TRACT TO BE PLATED OR RECORDED
- 7) ALL BUILDINGS ARE PERPENDICULAR TO THE BOUNDARY LINE
- 8) ALL EASEMENTS AND INFORMATION MAY NOT REPRESENT CURRENT OWNER OR OWNERS
- 9) THE FENCE LINE SHOWN GENERALLY BELOW THE PROPERTY LINE, BUT MAY NOT BE THE ACTUAL LINE
- 10) OTHER DIMENSIONS/REQUIREMENTS MAY BE PRESENT, BUT NOT SHOWN

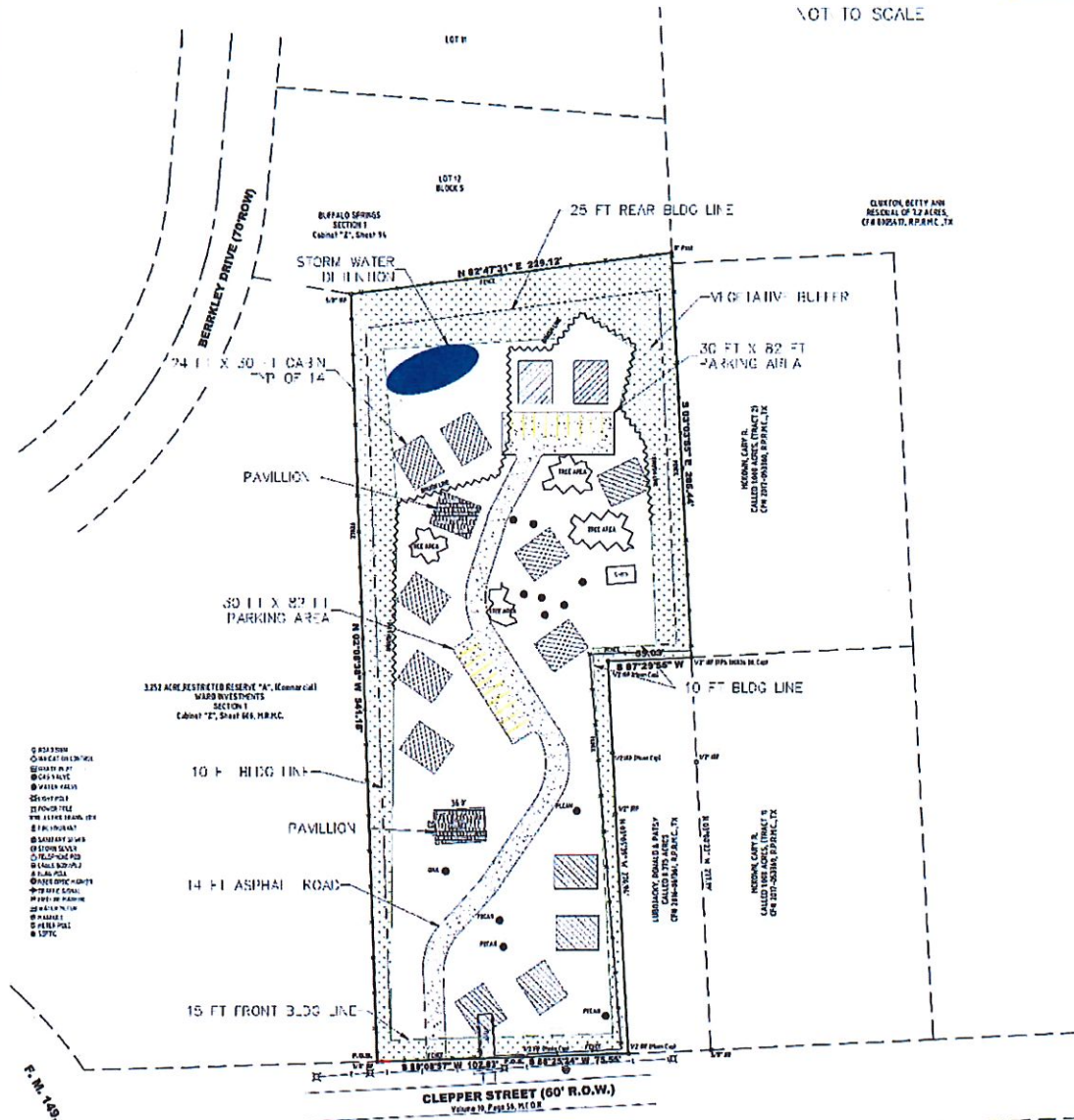
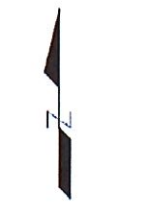
**SURVEY OF
TRACT 1 (2.10 ACRES) AND TRACT 2 (0.476 ACRES)**

LOCATED IN THE BRADSHAW SURVEY, ABSTRACT NO. 43
 BASED ON THE PLAT 1182164th RECORDED IN
 VOLUME/CASE NO. 124 PAGE/SHEET CF 206/40/10 OF
 THE REPUBLIC RECORDS MONTGOMERY COUNTY, TEXAS
 REF. LARRY LACROS, C.P., 1991-96 DATE APRIL 26, 2014

STEVEN E. LAUGHLIN, R.P.L.S. # 1174

Exhibit "A" (pg. 1 of 1)

LINE & SYMBOL	
---	BOUNDARY
---	PROPERTY LINE
---	ADJACENT PROPERTY
---	ADJACENT TRACT
---	ADJACENT COUNTY
---	ADJACENT STATE
---	ADJACENT FEDERAL
---	ADJACENT LOCAL
---	ADJACENT WATER
---	ADJACENT AIR
---	ADJACENT ROAD
---	ADJACENT RAILROAD
---	ADJACENT CANAL
---	ADJACENT DRAINAGE
---	ADJACENT UTILITIES
---	ADJACENT POWER
---	ADJACENT GAS
---	ADJACENT WATER
---	ADJACENT AIR
---	ADJACENT ROAD
---	ADJACENT RAILROAD
---	ADJACENT CANAL
---	ADJACENT DRAINAGE
---	ADJACENT UTILITIES
---	ADJACENT POWER
---	ADJACENT GAS



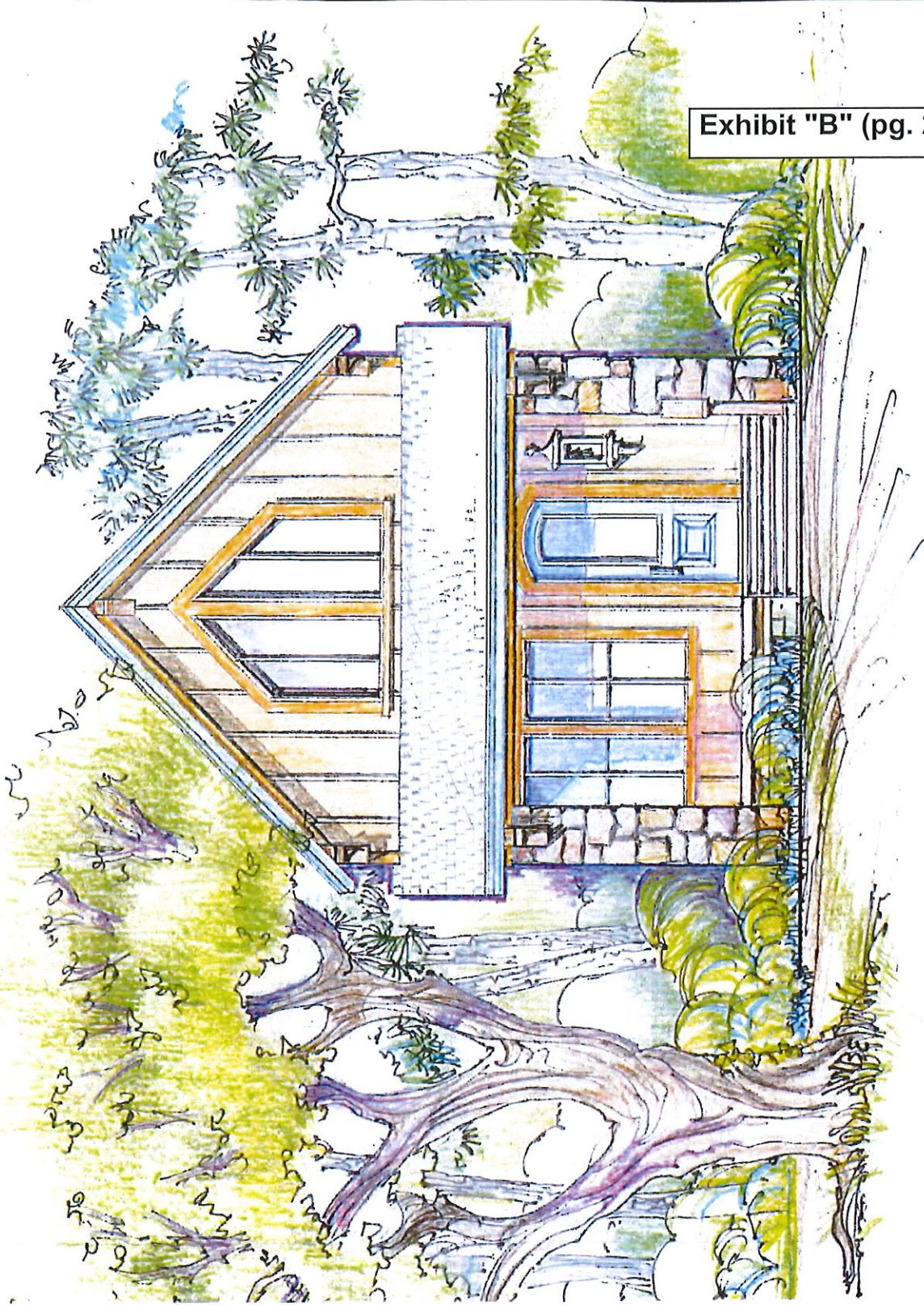
Original Site Plan for reference



Original 3 cottage designs for reference

Exhibit "B" (pg. 1 of 3)





Handwritten notes in the left margin, including the words "Landscape" and "Trees".

Exhibit "B" (pg. 3 of 3)

