

**City Council Budget Workshop  
AGENDA**

**September 11, 2023, at 4:00 PM**

**NOTICE IS HEREBY GIVEN** that a Meeting of the Montgomery City Council will be held on **Monday, September 11, 2023, at 4:00 PM** at the City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas.

**CALL TO ORDER**

Mr. Gary Palmer called the meeting to order at 6:00 p.m.

Present:	Carol Langley	City Council Place #1
	Casey Olson	City Council Place #2
	Sara Countryman	City Council Place #3
	Cheryl Fox	City Council Place #4
	Stan Donaldson	City Council Place #5

Mr. Palmer stated that before they get into the budget part of the meeting, he would turn the meeting over to Mike Muckleroy in order for him to address and update the council on the water issues.

Mr. Muckleroy stated as the council is aware the Well #2 collapsed. They had two well companies come out and ultimately, they confirmed the well was not repairable. They have now elected to go with a four month (minimum required by rental companies) for a Booster Pump at Well #3. The one that was authorized for purchase was estimated to be shipped September 22, 2023. Once that new pump arrives the intent is to leave it on the shelf and use the full four months of rental.

Mr. Muckleroy added that in October he will be bringing to the council a request to purchase another pump in order to always have one in stock should any of the booster pumps go down.

With Well #2 the Booster, Hydro works but the well is done, no way to use it. After consultation with the water operator, they manually reverse the check valve which back feeds into the Ground Storage Tank (GST), and manually turn it off at night. Then each day there is 125,000 gallons ready to go at any given time. Mr. Muckleroy stated he appreciates this is not an ideal solution, but the best at the moment.

Councilmember Cheryl Fox asked if they ever found out why the well collapsed.

Mr. Muckleroy responded mostly due to age, the casing was thinning and broke along with the screen collapsing.

Councilmember Cheryl Fox asked what age the well was.

Mr. Muckleroy responded it was forty (40) years old.

Councilmember Sara Countryman asked how much the rental Booster Pump will be.

Mr. Muckleroy responded it was \$28,000 for the four months.

Councilmember Carol Langley asked did it just stop one day?

Councilmember Sara Countryman asked and was there any sign or other indication it was about to fail?

Mr. Muckleroy responded that it was showing some slight sand, which is not unusual, but yes it just failed one moment and there was no sign it was going to fail.

Councilmember Carol Langley asked how many boosters were at Well #3.

Mr. Muckleroy responded there were two.

Councilmember Sara Countryman added that we need to do a better job of being prepared and to avoid this situation in the future, as the email on Friday was shocking. Who installs these pumps?

Mr. Muckleroy responded that the rental company provides a contractor for installation.

Councilmember Sara Countryman stated that should this not be part of our ordinance to conserve water, give a notification.

Mr. Palmer responded that we did send out a notification in the utility bills for a voluntary water conservation notice. Mr. Palmer stated that the city has a drought contingency plan, but we have not met those criteria.

Ms. Katherine Vu, WGA Engineering stated that a drought contingency plan has been a hot topic all summer long. It is based on pumpage at the total % of capacity. That is what triggers the plan.

Right now, the city has a good amount of capacity by any metrics. The metrics are used across the industry.

Mr. McCorquodale added that at any rate Stage 1, if triggered is a voluntary reduction notice.

Mr. Gary Palmer stated that he had a meeting with a notification system along with the Chief. This can be used to convey vital information such as this.

NIXEL – the city has had it for some time, as a free base however, the city will be upgrading in order for us to feed information that is vital in nature to the citizens.

## **1. Discussion on the FY2024 proposed Budget & Capital Improvement Plan (CIP).**

Mr. Palmer noted that the city budget is good on the Maintenance and Operations side, there will be a final workshop September 19, 2023, and James Gilley the Financial Advisor will be there to answer any questions.

Mr. Palmer stated that he had charged Mr. Gilley to come up with an analysis and show us what the debt capacity / debt proposed to carry would look like with two scenarios for the Capital Projects. He went on to say he and Maryann and Mike met with him this week and James has split it into two scenarios of all the projects we HAVE TO DO and ones we want to do if we could afford to do them. One is \$2.5 million and the other is \$3.5 million.

Councilmember Casey Olson asked if there was anything budgeted for use at the moment.

Ms. Maryann Carl, Finance Director stated that there is the \$368,000 AARPA funds that can be used for water sewer projects in addition to the fund balance. The fund balance at a guesstimate is likely to be \$400,000 +/- with a potential of being on top of last year's fund balance, providing nothing comes up.

She added that she is confident with the revenues lining up with the projects.

Mr. Palmer stated that the AARPA funds will need to be spent within three years.

Ms. Katherine Vu stated that she has provided the council with three regular size sheets and three large sheets. The regular size is a summary of each project, the large go into further detail on each project.

Ms. Vu stated that she had divided the projects into categories, Maintenance, Capital and Transportation.

### **Maintenance**

These items are a must do even if there were no more building permits coming into the city.

Water Well #2 Drill a new Well.

Water Plant 3 Work on wells 3 & 4 and have them inspected bi-annually.

Sanitary Sewer – Cruztech is under contract and phase II will be in coordination with TXDOT.

### **Capital Projects.**

Conversion from Chlorine Gas to Bleach at all treatment facilities.

\$1.5 million to \$2.5 million over several fiscal years to build new plants to accommodate the need for capacity. It is projected that capacity will be reached by 2025 as the city grows. This is A MUST DO.

The waterline extension is not all funded by the city, some is by the developer so will offset some of the previous cost for the plant builds.

Councilmember Sara Countryman asked for clarification on a notation for the waterline.

Ms. Vu responded that the Lonestar Parkway 12” line will go through the loop to Buffalo Springs to Abner.

The \$815,000 for Downtown Water Line will only be done if the Downtown streetscape project proceeds.

\$1.3 million will not be expended until 2029.

\$520,000 has been paid already for the Redbird project.

Gravity system improvements.

Large list in impact fee updates – that need paying to the city or reimbursement.

City Administrator, Gary Palmer stated so the Well #4 is an aspirational need.

Ms. Vu confirmed but stated the work should begin now to prepare for the anticipated growth.

### **Transportation**

105 and Buffalo Springs signal, negotiations ongoing with Home Depot.

Clepper Street Repaving

Shepherd Street, in 2014 a variance was provided for Mr. Cheatham there was no trigger or timeline placed within that variance we do not want to lose sight of it.

Councilmember Carol Langley asked if he would be paying for that.

Ms. Vu responded that was correct.

Lonestar Parkway improvements to FM762 should be shared with the county.

General roadway rehab projects will be spread out.

Alternative transportation in case the county pursues trails and sidewalks.

Some of these items are must dos.

Mr. Gary Palmer stated that all of these WP4, Wastewater treatment Plants are must do's/

Ms. Vu responded that was correct for the city engineers to look at funding mechanisms.

Mr. Gary Palmer stated that staff will look at the water tap fees, impact fees etc.

Mr. Palmer then asked the council to look at the email from James Gilley, the Financial Advisor for the city, it shows the options for bonds and generating debt to get the projects completed.

Councilmember Casey Olson stated that it looks like it would be an easy decision, however, there is much we don't know.

Mr. Gary Palmer stated that on September 19<sup>th</sup> workshop the final budget numbers will be brought to you.

Ms. Maryann Carl, Finance Director stated that the reasoning behind bringing the council options of issuing debt as even with the fund balance the city would be hard pressed to pay for the projects, sure you can divert fund balance to reduce the liability.

Ms. Carl added that the last line on the spreadsheet under the capital projects is other developer money.

Councilmember Sara Countryman asked about the previous year's fund balances.

Ms. Carl responded that the fund balance numbers are solid as they are the audited numbers.

Councilmember Casey Olson stated that he is frustrated as we don't know final numbers, looks like we cannot look at a bank statement and know we have x amount of funds.

Ms. Carl explained that the city has numerous bank accounts and funds are due to and from each, then there are liabilities so telling you an accurate amount right now is difficult.

Councilmember Casey Olson stated that was a hard pill to swallow. He then asked exactly how much is in the bank?

Councilmember Stan Donaldson asked why the city has so many bank accounts.

Ms. Carl responded that she could not say, as typically a city would be a pooled cash environment, therefore she is not sure why the city has so many. There was a problem too with the way the system was set up, at the end of a year if there were funds left over that became part of the fund balance, that is not correct so now we have to pull that back as it needs to remain with Redbird etc.

Mr. Palmer stated that not in a hurry, as we are able to adopt the M&O on time, we will have James with us at the 19<sup>th</sup> workshop and we will come back with more refined numbers on the 19<sup>th</sup> as well.

Ms. Carl stated that she wanted to respond to an earlier question, as of September 30, 2022, the Capital Projects \$683,567. The fund started with a balance of \$1,294,228. Leaving a fund balance of \$610,661 in reserves.

Councilmember Sara Countryman asked what the city spent the money on, where did it all go.

Ms. Carl responded that we had a little over \$900,000 in revenues and spent \$1.5 million.

Ms. Carl stated that when there was a conversion from QuickBooks to Incode the imported information gives a monthly total, but she cannot drill down and find the entries and detail.

Councilmember Casey Olson asked so we cannot find out what we spent the money on from month to month for last year.

Councilmember Casey Olson stated that after all the money they spent we are in the same place we were in last year.

Ms. Carl stated that she felt that they had made a significant turn and were back on track.

Councilmember Casey Olson stated he disagreed as we don't know where we are at.

Mr. Palmer stated look we are good on the M&O budget.

Councilmember Casey Olson stated No we are not, as no one knows if those monies are correct.

Mr. Palmer concluded the workshop by saying that he will focus on the MO and proceed for adoption. The CIP budget is not on the same timelines. However, he will be sure that staff will dig through and bring firm numbers going forward.

## **ADJOURNED at 5:02 P.M.**

Submitted by: \_\_\_\_\_  
Nici Browe TRMC, City Secretary

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

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Byron Sanford, Mayor