



City of Montgomery City Council Workshop Meeting Minutes July 14, 2025

OPENING AGENDA

1. Call Meeting to Order.

The City Council Workshop Meeting of the City of Montgomery was called to order by Mayor Countryman at 6:00 p.m. on July 14, 2025, at City Hall 101 Old Plantersville Rd., Montgomery, TX and live video streaming.

With Council Members present a full quorum was established.

Present:	Mayor	Sara Countryman
	Mayor Pro-Tem	Cheryl Fox
	Council Member Place 1	Carol Langley
	Council Member Place 2	Casey Olson
	Council Member Place 3	Tom Czulewicz
	Council Member Place 5	Stan Donaldson

2. Pledges of Allegiance.

Mayor Countryman led the pledges of allegiance.

PUBLIC FORUM

No citizen comments presented for this meeting.

WORKSHOP AGENDA

3. Discussion on Texas Municipal Retirement Services plan review.

City Secretary/Director of Administrative Services Ruby Beaven addressed the Council to present the Texas Municipal Retirement Services (TMRS) plan review and discuss recent changes prompted by House Bill 3161, including the option to increase employee contribution rates from 7% to 8%. City Secretary Beaven explained an employee survey was conducted with 100% response rate and 92% of the employees said they would like to participate in the 8% employee contribution rate.

City Secretary Beaven introduced Shannon Lucero, TMRS Regional Education Manager, to discuss the current plan details and the potential impact on city cost. TMRS education highlighted plan design options, including the adoption of the non-retroactive cost of living adjustment (COLA), which must be implemented by December 31, 2025, to lock in benefits and avoid future recalculations.

Ms. Lucero explained the comparison of optional plan designs for current, option 1, option 2, and option 3.

Plan Provisions	Current	Option 1	Option 2	Option 3
Employee Contribution Rate	7%	8%	8%	7%
City Matching Ratio	2 to 1	2 to 1	2 to 1	2 to 1
Updated Service Credit (USC)	50% (Repeating)	50% (Repeating)	50% (Repeating)	50% (Repeating)
Transfer USC *	Yes	Yes	Yes	Yes
COLA	50% (Repeating)	50% (Repeating)	50% (Repeating)	50% (Repeating)
Retroactive COLA	Yes	Yes	No	No
Retirement Eligibility	20 years	20 years	20 years	20 years
Vesting	5 years	5 years	5 years	5 years
Supplemental Death Benefit	Actives + Retirees	Actives + Retirees	Actives + Retirees	Actives + Retirees
Contribution Rates	2026	2026	2026	2026
Normal Cost Rate	9.54%	11.04%	10.84%	9.37%
Prior Service Rate	<u>0.69%</u>	<u>1.25%</u>	<u>1.13%</u>	<u>0.55%</u>
Retirement Rate	10.23%	12.29%	11.97%	9.92%
Supplemental Death Rate	<u>0.19%</u>	<u>0.19%</u>	<u>0.19%</u>	<u>0.19%</u>
Total Contribution Rate	10.42%	12.48%	12.16%	10.11%
Unfunded Actuarial Liability	\$223,303	\$427,982	\$383,612	\$181,484
Funded Ratio	94.6%	90.1%	91.0%	95.5%
Benefit Increase Amortization Period	20 years	20 years	20 years	20 years
Stat Max	13.50%	N/A	N/A	13.50%
Retirement Rate Exceeds Stat Max	No	Yes	Yes	No

The council expressed strong support for Option 2, which involves adopting the 8% employee contribution rate without the non-retro COLA, resulting in a modest increase of approximately 1.7% in total payroll costs for next fiscal year. The decision is primarily aimed at enhancing employee retention and aligning with market standards, with plans to incorporate this into the upcoming budget discussions.

4. Discussion on an amendment to the City of Montgomery Policies and Procedures Manual, Section V. Attendance, Leaves, and Absence, Reference Number 5.04, Subject: Holidays as attached as Exhibit A.

City Secretary/Director of Administrative Services Ruby Beaven addressed the Council to present the Discussion on an amendment to the City of Montgomery Policies and Procedures Manual, Section V. Attendance, Leaves, and Absence, Reference Number 5.04, Subject: Holidays. On June 24, 2025, a Resolution was presented to Council for consideration to amend Section 5.04 of the Policies and Procedure Manual. The motion was to bring this item to the July 14 budget workshop for discussion and return the item at the July 22 regular meeting for a decision. Currently, the City observes paid City holidays for Regular Full-Time Employees. The update to this policy is to observe New Year's Eve and Juneteenth as paid City holidays.

The discussion among the Council focused on amending the city's policy on holiday leave, specifically increasing the total paid holidays from 12 to 12.5 days by adding a half-day off on New Year's Eve. Council members debated whether to implement this change, with some suggesting the use of a floating holiday as an alternative, but ultimately leaning towards a simple half-day adjustment to maintain clarity and ease of administration. The proposed change will be

revisited for approval at the July 22nd meeting, reflecting a consensus to slightly expand holiday time while keeping it straightforward for staff and administration.

5. Discussion on an amendment to the City of Montgomery Policies and Procedures Manual, Section V. Attendance, Leaves, and Absence, Reference Number 5.05, Subject: Vacation Leave as attached as Exhibit A.

City Secretary/Director of Administrative Services Ruby Beaven addressed the Council to present the discussion on an amendment to the City of Montgomery Policies and Procedures Manual, Section V. Attendance, Leaves, and Absence, Reference Number 5.05, Subject: Vacation. On June 24, 2025, a Resolution was presented to Council for consideration to amend Section 5.05 of the Policies and Procedure Manual. The motion was to bring this item to the July 14 budget workshop for discussion and return the item at the July 22 regular meeting for a decision. The current policy limits city employees' vacation accruals with a maximum cap, preventing further accumulation once reached, which has led to employee dissatisfaction. The revised policy will eliminate this maximum accrual threshold, allowing employees to continue accruing vacation time, while establishing a cap on the maximum payout amount for accrued vacation upon employment separation, thereby addressing concerns and providing clearer limits on payout potential.

The discussion among the Council focused on clarifying and aligning the city's vacation leave policy with current payroll practices, emphasizing that employees accrue 8 hours per month, but are currently paid based on approximately 3.7 hours per pay period due to payroll systems. The group agreed to update the policy to match the bi-weekly accrual rate of 3.7 hours, ensuring consistency and accuracy, and to maintain a cap of hours on vacation payout at time of separation to manage liabilities. They also discussed encouraging employees to take their earned vacation time to prevent accrual issues, with the understanding that employees can still accrue more, but will only be paid up to the cap upon departure. The consensus was to bring forward these adjustments for approval, with an emphasis on simplifying the process and maintaining transparency.

6. Discussion and review of Evergreen Solutions Compensation Study.

City Secretary/Director of Administrative Services Ruby Beaven addressed the Council to present the discussion and review of Evergreen Solutions Compensation Study. The discussion covered the Evergreen Solutions Compensation Study, focusing on options for bringing employee pay to minimum levels, class parity, or hybrid scales, with the council favoring the hybrid approach to balance competitiveness and internal equity. The group reviewed the financial impacts, noting adjustments for about 10 employees and emphasizing the importance of aligning job descriptions and pay scales with current duties and market standards. There was also conversation about updating job descriptions, with suggestions to use AI tools for efficiency, and clarifications on departmental changes, particularly regarding permits and the role of event coordinators. The consensus was to proceed with adopting the hybrid scale, including adjustments to job descriptions, while remaining flexible to future organizational changes, with plans to finalize these updates in upcoming meetings.

7. Discussion regarding FY2026 Annual Budget by Fund and Department.

Finance Director Maryann Carl addressed the Council to present the discussion regarding the FY2026 Annual Budget by Fund and Department. The budget discussion covered a comprehensive overview of the FY 2026 projections, highlighting anticipated revenue increases from property taxes and sales tax, adjustments to expenses like legal costs (notably increased due to legal services and contract adjustments), and the importance of monitoring fund balances amid rising costs. Significant items included the planning for a \$14 million water project, with

strategies to finance it through debt issuance and impact fees, and ongoing efforts to manage infrastructure upgrades, personnel costs, and technology investments. The presentation emphasized maintaining a healthy fund balance, ensuring transparency with debt service, and preparing for upcoming discussions on property tax rates and capital project funding, with key dates set for budget approval and public posting.

COUNCIL INQUIRY

City Secretary/Director of Administrative Services Ruby Beaven addressed the Council to update them on the upcoming 2025 TML Annual Conference slated for October 29-31, 2025 to be held in Fort Worth. Registration will open on July 29, 2025.

CLOSING AGENDA

8. Adjourn.

Motion: Council Member Czulewicz made a motion to adjourn the Workshop Meeting of the City of Montgomery at 8:27 p.m. Council Member Olson seconded the motion. Motion carried with all present voting in favor.

APPROVED:

Sara Countryman, Mayor

ATTEST:

Ruby Beaven, City Secretary