

**MINUTES OF THE
CONROE CITY COUNCIL**

SEPTEMBER 25 & 26, 2013

**CALL TO ORDER
CALL OF ROLL**

**PRESENT: Mayor Melder
Mayor Pro Tem Martin
Council Members, Gibson, Porter, Snider, and Gentry
City Administrator Paul Virgadamo
City Attorney Marcus L. Winberry
City Secretary Maria J. Porter**

ABSENT: Assistant City Secretary Soco M. Gorjón

After a roll call by the City Secretary establishing a quorum was present, the meeting was called to order at 2:00 p.m. by Mayor Melder.

The meeting agenda, which was posted in accordance with the Texas Government Code, Chapter 551, was presented.

Agenda folders containing data relating to agenda items had been furnished to Council Members prior to the meeting of the Council.

Agenda items were considered by the Council. The action taken concerning such item is shown on the official Council Action Sheet attached hereto and made a part of these Minutes.

After all business properly brought before the Council had been considered, City Council adjourned.


Webb K. Melder, Mayor

ATTEST:


Maria J. Porter, TRMC, City Secretary

OFFICIAL MINUTES OF THE CONROE CITY COUNCIL

MEMORANDUM OF UNDERSTANDING – CAMP STRAKE PROPERTY

City Attorney Marc Winberry presented a Memorandum of Understanding concerning possible incentives and other conditions related to the development of the Camp Strake property by Johnson Development for Council's review and consideration.

CLEAR CHANNEL OUTDOOR – DIGITAL BILLBOARD CONVERSION AGREEMENT

Community Development/Public Works Assistant Director Nancy Mikeska asked Council to consider approval of a Digital Billboard Conversion Agreement with Clear Channel Outdoor, Inc. for the conversion of an existing static billboard located on I-45 North, to an electronic digital billboard, in compliance with the City's Billboard Conversion Ordinance in effect when the conversion application was submitted.

HOUSTON AREA GROUNDWATER MODEL (HAGM)

Mayor Melder asked Council to consider providing a Resolution to the Texas Water Quality Board to extend time to review and study the full impact of the HAGM. He pointed out that the City of Richmond and the City of Rosenberg were challenging the HAGM.

PARKS AND RECREATION – SUMMER ANALYSIS

Parks Director Mike Riggins, Recreation Center Coordinator Mike Cantu and Park Superintendent Lauren Arnold made a brief presentation of the post summer analysis.

DISCUSSION OF WATER AND SEWER RATES

Finance Director Steve Williams reviewed with Council the water and sewer rate system in order to better understand the rate structure (Attached as Exhibit "A"). Councilwoman Porter asked if there was a way possible to find a plan for capping the rates to assist all senior citizens with fixed incomes. Mr. Williams answered in the positive.

AUDIO & VISUAL EQUIPMENT – COUNCIL CHAMBERS & GCEDC CONFERENCE ROOM

Information Technology Manager Pam Cobb asked Council to consider awarding the audio and visual equipment bid to Avinext for the Council Chambers (\$35,420.60) to be paid out of the PEG fund and for the GCEDC Conference Room (\$28,104.00) to be paid by CIDC.

CIVIL ENGINEERING SERVICES – STEWART'S FOREST DRIVE

City Engineer Erwin Burden asked Council to consider the proposed proposal with Schaumburg & Polk, Inc. (SPI) to perform all engineering services as discussed for Stewart's Forest Drive for their price of \$327,776. Staff recommended approval.

Councilman Gibson requested a possible renegotiation of surveying and environmental costs.

At 4:35 p.m., Mayor Melder along with Council, City Administrator Paul Virgadamo, City Attorney Marc Winberry, and City Secretary Marla J. Porter recessed into a closed meeting for the following purpose:

- Section 551.072 – Right-of-Way and Road Construction Funding for Anderson Crossing Project.
- Section 551.072 – Conroe Country Club Agreement.
- Section 551.071 – Consultation with City Attorney concerning notice of claim related to Russell Rios.

The Open Meeting reconvened at 6:46 p.m.

JOHNNY LANCE BINGHAM – DEFER ANNEXATION

Community Development/Public Works Assistant Director Nancy Mikeska asked Council to consider approval of a Development Agreement with Johnny Lance Bingham whereby the City agrees to defer annexation of 3.244 acres of land, in the Martin P. Clark Survey, until land use changes.

MICHAEL AND VONDA BINGHAM – DEFER ANNEXATION

Community Development/Public Works Assistant Director Nancy Mikeska asked Council to consider approval of a Development Agreement with Michael and Vonda Bingham whereby the City agrees to defer annexation of 5.491 acres (tract one) and 5.492 acres, (tract two) totaling 10.983 acres of land, in the Martin P. Clark Survey, until land use changes.

LARRY B. NOSKRENT – DEFER ANNEXATION

Community Development/Public Works Assistant Director Nancy Mikeska asked Council to consider approval of a Development Agreement with Larry B. Noskrent whereby the City agrees to defer annexation of two parcels of land totaling 18.25 acres of land, in the Martin P. Clark Survey, until land use changes.

DISCUSSION OF FY 2013-2014 SOLID WASTE RATES

This item will be brought back in January for CPIU Report.

LONE STAR GROUNDWATER CONSERVATION DISTRICT – BLANKET PURCHASE ORDER

Street and Drainage Superintendent Norman McGuire informed Council that previously staff requested an annual blanket purchase order for an incorrect amount of \$206,000.00; the correct amount should have been \$234,000.00; therefore, Mr. McGuire asked Council to consider approval of a \$27,267.40 Change Order to correct previously approve blanket purchase order.

FY 13-14 ANNUAL DEWATERING POLYMER BID – POLYDYNE, INC.

Street and Drainage Superintendent Norman McGuire asked Council to consider awarding the bid to Polydyne, Inc. for their bid amount of \$33,600.00 since they were the most qualified bidders.

WATER TREATMENT CHEMICALS BID AWARD – FY 13-14

Purchasing Director Wallace Dodd asked Council to consider awarding the bid to DXI Industries since they offered the best combination price and service for their bid price of \$109,470.00.

FY 13-14 CRUSHED CONCRETE AND ROAD BASE MATERIALS BID AWARD

Purchasing Director Wallace Dodd asked Council to consider awarding the Stabilized Sand Bid to Southern Crushed Concrete for their bid price of \$333,750.00, awarding the Crushed Concrete and Rip-Rap Bid to Lindsey Construction for their bid price of \$364,398.00 and awarding the Type D Hot Mix, Limestone and Ice Rock Bid to Pavers Supply for their bid price of \$991,300.00.

FY 13-14 ANNUAL FUEL CONTRACT FOR THE CITY'S FLEET BID AWARD

Purchasing Director Wallace Dodd asked Council to consider awarding the bid to Apache Oil who was not the low bidder. He pointed out that because they own their own fleet of trucks and are better positioned to assist the City in case of emergencies, staff recommended awarding as the best value bid for their bid amount of \$1,769,400.00.

RELOCATION OF TWO STRUCTURES TO CANDY CANE PARK

City Administrator Paul Virgadamo informed Council that the Heritage Museum was asking for a \$50,000 contribution for the transportation and placement of two buildings from the Conroe Oilfield to Candy Cane Park. Mr. Virgadamo pointed out that the Museum felt the buildings would be vital for future growth and would result in an increase in tourism to the area. Mr. Virgadamo recommended submitting the request to the HOT Grants for grant opportunities. Mr. Joe Kolb, Heritage Museum President, addressed Council and informed that they had already submitted a \$15,000 grant request for foundation, but will be modifying it so it would cover moving costs as well. After a brief discussion, it was Council's consensus to allow the house to sit on blocks rather than requesting costly foundation renovations.

WOODMARK PID – UPDATED SERVICE AND ASSESSMENT PLAN

City Attorney Marc Winberry informed Council that the Woodmark Subdivision was located on the north side of FM 2854 about four miles west of I-45. Mr. Winberry pointed out that the property was foreclosed on by the bank and was purchased by DR Horton. Mr. Winberry presented Council a proposed Ordinance approving an updated Service and Assessment Plan for Council's review and consideration.

WOODMARK PID - ASSESSMENT ROLL - SECTION 2 AND 3

City Attorney Marc Winberry presented Council a proposed Ordinance approving an assessment roll for Woodmark PID Sections 2 and 3 for their review and consideration. Mr. Winberry informed that the Ordinance would assess each lot with a lump sum assessment at the rate of \$1.1140 per square foot of property, which could be paid by a homebuyer at closing or in installments over a 25-year period.

WOODLOCH HEALTH FACILITIES DEVELOPMENT CORPORATION – REVENUE BONDS

City Attorney Marc Winberry presented Council a proposed Resolution authorizing the Woodloch Health Facilities Development Corporation to provide revenue bond financing for a health facilities project in the corporate limits of the City.

COUNCIL BRIEFING

None

COUNCIL INQUIRY

None

There being no further business to be brought before the Council the Open Meeting was recessed until tomorrow at 9:30 a.m.

RECONVENE

THURSDAY, SEPTEMBER 26, 2013 – 9:30 A.M.

OFFICIAL ACTION OF THE CONROE CITY COUNCIL

**CALL TO ORDER
CALL OF ROLL**

PRESENT: Mayor Melder
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Council Members Gibson, Porter, Snider, and Gentry
City Administrator Paul Virgadamo
City Attorney Marcus L. Winberry
City Secretary Marla J. Porter

ABSENT: Assistant City Secretary Soco M. Gorjón

INVOCATION/PLEDGE: Pastor Raymond McDonald – Vineyard Church

PROCLAMATIONS: Domestic Violence Awareness Month - Montgomery Co. Women's Center
Blessing of the Animals - 1st Methodist Church
Catholic Daughters' Day

RECOGNITIONS: MDA – Presentation of \$23,433 Check by Conroe Fire Department

SERVICE AWARD: Shae Foy - 1-year – Department Clerk – Municipal Court

EMPLOYEE OF THE MONTH: Suzanna Page – Accounts Payable Clerk

CITIZEN INQUIRY

Susan and Anthony Bryan with “Oh My Darling Hotdogs” addressed Council regarding a permit for a mobile vending hotdog stand.

AUDIO AND VISUAL EQUIPMENT – COUNCIL AND GCEDC CONFERENCE ROOM

A motion was made by Mayor Pro Tem Martin, seconded by Councilman Gibson, to approve Avinext in the amount of \$63,524.60 to provide required audio and visual equipment for the Council Chambers and the GCEDC conference room as discussed. Motion carried unanimously.

HOUSTON AREA GROUNDWATER MODEL (HAGM)

A motion was made by Councilman Gentry, seconded by Councilwoman Porter, to approve the proposed Resolution requesting additional time to review and study the full impact of the proposed Houston Area Groundwater Model (HAGM) as discussed. The motion carried unanimously.

DEVELOPMENT AGREEMENT – JOHNNY LANCE BINGHAM

Councilman Snider made a motion to approve the proposed Development Agreement with Johnny Lance Bingham to defer the annexation of 3.244 acres of land in the Martin P. Clark Survey as discussed. The motion was seconded by Councilman Gibson. Motion carried unanimously.

DEVELOPMENT AGREEMENT – MICHAEL AND VONDA BINGHAM

Councilman Gibson made a motion to approve the proposed Development Agreement with Michael and Vonda Bingham to defer the annexation of 5.491 acres (tract one) and 5.492 acres (tract two) totaling 10.983 acres of land in the Martin P. Clark Survey as discussed. The motion was seconded by Councilman Gentry. Motion carried unanimously.

DEVELOPMENT AGREEMENT – LARRY B. NOSKRENT

A motion was made by Councilwomen Porter, seconded by Councilman Snider, to approve the proposed Development Agreement with Larry B. Noskrent to defer the annexation of two parcels of land totaling 18.25 acres in the Martin P. Clark Survey as discussed. The motion carried unanimously.

DIGITAL BILLBOARD CONVERSION AGREEMENT – CLEAR CHANNEL OUTDOOR, INC.

A motion was made by Mayor Pro Tem Martin, seconded by Councilman Snider, to approve the proposed Digital billboard Conversion Agreement with Clear Channel Outdoor, Inc. for the conversion of an existing static billboard on I-45 North as discussed. The motion carried unanimously.

RIGHT-OF-WAY – ANDERSON ROAD PROJECT

Councilman Gentry made a motion to fund the remaining right-of-way acquisition and approve funds for the construction of Anderson Crossing as discussed. The motion was seconded by Councilman Gibson. Motion carried unanimously.

LONE STAR GROUNDWATER CONSERVATION DISTRICT – CHANGE ORDER

Councilman Snider made a motion to approve the proposed Change Order for Lone Star Groundwater Conservation District Blanket Purchase Order as discussed. The motion was seconded by Councilman Gibson. Motion carried unanimously.

AWARD ANNUAL DEWATERING POLYMER BID – FY 13-14

Councilwoman Porter made a motion to award the FY 13-14 Annual Dewatering bid to Polydyne, Inc. for their bid amount of \$33,600.00 as discussed. The motion was seconded by Councilman Snider. Motion carried unanimously.

CIVIL ENGINEERING SERVICES – STEWART'S FOREST DRIVE

Councilman Gentry made a motion to approve Schaumburg & Polk, Inc. (SPI) proposal to perform all engineering services for Stewart's Forest Drive Project for their proposed cost of \$327,776.00 as discussed. The motion was seconded by Councilman Snider. Motion carried unanimously.

BID AWARD – FY 13-14 WATER TREATMENT CHEMICALS

A motion was made by Councilwoman Porter, seconded by Councilman Gibson, to award the bid to DXI Industries in the amount of \$109,470.00 since they offer the best combination price and service as discussed. The motion carried unanimously.

BID AWARD – FY 13-14 CRUSHED CONCRETE ROAD BASE MATERIALS

Motion was made by Councilman Gentry, seconded by Councilman Gibson, to award the Stabilized Sand Bid to Southern Crushed Concrete for their bid price of \$333,750.00, award the Crushed Concrete & Rip-Rap Bid to Lindsey Construction for their bid price of \$364,398.00 and award the Type D Hot Mix, Limestone & Ice Rock Bid for their bid price of \$991,300.00 as presented. The motion carried unanimously.

BID AWARD – FY 13-14 ANNUAL FUEL CONTRACT FOR CITY’S FLEET

Councilman Snider made a motion to award the FY 13-14 Annual Fuel Contract Bid to Apache Oil Company as a best value bid for their bid price of \$1,769,400.00 as discussed. Mayor Pro Tem Martin seconded, and the motion carried unanimously.

MEMORANDUM OF UNDERSTANDING – CAMP STRAKE PROPERTY

Councilman Gibson made a motion to approve the proposed Memorandum of Understanding related to development of Camp Strake Property as discussed. Councilman Snider seconded, and the motion carried unanimously.

WOODMARK PID – SERVICE AND ASSESSMENT PLAN

Mayor Pro Tem Martin made a motion to approve the proposed Ordinance approving an updated Service and Assessment Plan for Woodmark Public Improvement District as discussed. Councilman Gentry seconded, and the motion carried unanimously.

PUBLIC HEARING – WOODMARK PUBLIC IMPROVEMENT DISTRICT

At 10:02 a.m., Mayor Melder recessed the Open Meeting in order to conduct a Public Hearing on a proposed Ordinance assessing the costs of certain public improvements located in sections two and three of the Woodmark Public Improvement District.

Mayor Melder asked for questions and/or comments from the public. Hearing none, he closed the public hearing and reconvened the open meeting at 10:04 a.m.

WOODMARK PID – SECTION TWO & THREE – ASSESSMENT ROLL

Councilman Gentry made a motion to approve the proposed Ordinance approving an assessment roll for Woodmark Public Improvement District sections two and three as presented. Councilman Gentry seconded, and the motion carried unanimously.

WOODLOCH HEALTH FACILITIES DEVELOPMENT CORPORATION – REVENUE BOND

Mayor Pro Tem Martin made a motion to approve the proposed Resolution authorizing the Woodloch Health Facilities Development Corporation to provide revenue bond financing for a health facilities project in the corporate limits of the City of Conroe, Texas as discussed. Councilman Gibson seconded, and the motion carried unanimously.

AUGUST 2013 MONTHLY FINANCIAL SUMMARY REPORT

Finance Director Steve Williams presented a detailed monthly financial summary report for the month of August 2013 to Mayor and Council for review and consideration. Mr. Williams pointed out that 4 out of 5 accounts were ahead of revenue benchmark.

Following Mr. Williams’ presentation, Mayor Pro Tem Martin made a motion to approve the August 2013 Monthly Financial Summary Report as presented. Councilwoman Porter seconded, and the motion carried unanimously.

CONSENT AGENDA

A motion was made by Councilman Gibson, seconded by Mayor Pro Tem Martin, to approve the Consent Agenda Items 20 and 22 as presented. The motion carried unanimously.

- Approve CIDC Incentive Agreement with Borden Dairy Company of Texas, LLC
- Approve increase in purchase order authorization for Olson & Olson Law Firm.

Payment of Statements:

• Huff & Mitchell, Inc.	Pay App. 5 – LaSalle to League Line Rd	\$148,406.46
• GroundCore, LLC	Pay App. 2 – Potable WW Grounding Sytm	\$ 77,725.00
• Buckalew Chevrolet, LP	Inv. No. P122025/2031	\$ 55,940.00

CONSENT AGENDA - CONTINUATION

• Smith & Co.	Pay App. 1 – Asphalt Overlay	\$544,634.95
• Triple B Services	Pay App. 12 – Drennan Rd W to Plantation S	\$175,595.08
• Triple B Services	Pay App. 12 – Plantation Dr N Phase 1 & 2	\$209,867.18

There being no further business to consider, Councilwoman Porter made a motion, seconded by Councilman Snider, to adjourn. The motion carried unanimously.

Water/Sewer System Bullet Points

Finance & Administration Comments:

- Our water and sewer system is run like a business that is completely self-supported by its customers, rather than by the general taxpayer.
- Rates are designed to only take in the amount of money needed; there's no profit margin.
- If revenues are insufficient, rates must be increased or come from other sources (e.g., property and sales taxes).
- Revenues are affected by the weather: wet years = less \$, dry years = more \$. Sufficient reserves are required because of this fact.
- The City's rates were historically low, due to previously being subsidized by economic development (4B) sales taxes, which is no longer allowed by law.
- The City has an Inclining Block Rate structure (aka Tiered Rates); meaning rates increase as consumption increases. These encourage conservation, but also protect lower income residents, because they typically use less water (i.e., 3k to 7k) and are charged the lower rates.
- Utility systems (public and private) throughout the state of Texas are experiencing similar increases.
- Conroe's rates are similar to other cities our size throughout the state, as well as to those in our immediate area.

Public Works & Engineering Comments:

- Public Works and Engineering determine how the system should be operated and maintained, as well as the necessity of capital projects.
- Water and sewer systems must be constantly maintained and are held to very high standards by regulators.
- The City is expanding its system to accommodate rapid growth in population and commerce.
- Failure to adequately operate, maintain, and expand the system can cause serious public health problems, which may result in consequences from regulators.
- The cost of producing water is rising. It is significantly more expensive to drill a new well than in the past:
 - We're now required drill further down into the Catahoula Aquifer; the shallower, cheaper water (Jasper/Evangeline) is not available.
 - We must purchase surface water, which is more expensive produce.
- The larger future increases (FY 18/19 and FY 19/20) are primarily due to the construction of a new sewer treatment plant, which is required by state law.



Table 1.1
Key Findings
Required Rate Increases Necessary

Fiscal Year	Percentage Increases Overall	Working Capital Reserve Balances	Percent of Expenditures to W/C 25%	Average Annual Revenue Debt Coverage Test 1.25x	Average WS Bill @ 10,000 Gallons	\$\$ Change
2014	4.55%	9,348,896	45%	1.41	\$ 66.32	\$ 2.45
2015	6.25%	9,566,994	44%	1.40	70.47	4.15
2016	4.00%	8,966,906	37%	1.50	73.28	2.82
2017	4.00%	8,267,636	33%	1.60	76.22	2.93
2018	4.00%	7,923,022	30%	1.44	79.26	3.05
2019	10.50%	7,275,009	25%	1.46	87.59	8.32
2020	10.75%	7,863,372	25%	1.72	97.00	9.42
2021	3.75%	8,532,872	26%	1.79	100.64	3.64
2022	2.00%	9,419,249	27%	1.81	102.65	2.01
2023	2.00%	9,963,373	28%	1.83	104.71	2.05

Note: The percent of expenditures to working capital excludes the payment to the San Jacinto River Authority (STRA) for surface water conversion. The gross cost of service is expected to increase around 48% between 2012 and 2023 (See Table 2.10 in Section 2). However, the growth in the customer base is expected to grow only by 23%. Therefore, the difference will need to be funded from increases in the water and wastewater rates.



Water/Sewer Rate Comparison

*Based on 10,000 gallons consumption (average)

City	Water Rate	SWC Fee	LSG Fee	Subtotal	Sewer Rate	Combined	Proposed
Baytown	\$ 59.51	\$ -	\$ -	\$ 59.51	\$ 54.83	\$ 114.34	\$ -
Humble	43.07	-	-	43.07	51.96	95.03	-
Average of cities 50,000 - 75,000 population	46.34	-	-	46.34	47.74	94.08	-
Deer Park	41.93	-	-	41.93	44.41	86.34	-
Tomball	44.59	-	-	44.59	38.31	82.90	-
Pearland	44.24	-	-	44.24	38.65	82.89	-
Conroe	26.80	15.00	0.60	42.40	37.07	79.47	87.92
Oak Ridge North	43.70	-	-	43.70	33.00	76.70	-
Average of all cities	38.55	-	-	38.55	38.02	76.57	-
Sugar Land	34.13	-	-	34.13	41.40	75.53	-
La Porte	38.35	-	-	38.35	35.00	73.35	-
Panorama Village	33.83	-	-	33.83	37.40	71.23	-
Willis	33.85	-	-	33.85	33.85	67.70	-
Friendswood	35.80	-	-	35.80	29.21	65.01	-
Humble	26.85	-	-	26.85	34.75	61.60	-
Pasadena	33.00	-	-	33.00	27.80	60.80	-
Shenandoah	30.85	-	-	30.85	23.00	53.85	-

Note: The table above assumes a \$0.60 increase in the Surface Water Conversion Fee to \$2.10 per 1,000 gallons consumed and a 4.55% increase in water & sewer rates.