

**MINUTES OF SPECIAL MEETING**

**July 21, 2021**

**MONTGOMERY CITY COUNCIL**

**CALL TO ORDER**

Mayor Sara Countryman declared a quorum was present and called the meeting to order at 5:00 p.m.

Present:	Sara Countryman	Mayor
	Carol Langley	City Council Place # 1
	Kevin Lacy	City Council Place # 2
	T.J. Wilkerson	City Council Place # 3
	Julie Davis	City Council Place # 4
	Byron Sanford	City Council Place # 5

Absent:

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

**CALL TO ORDER**

**INVOCATION**

Byron Sanford gave the Invocation.

**PLEDGE OF ALLEGIANCE TO FLAGS**

**VISITOR/CITIZENS FORUM:**

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

Mayor Countryman said she did not receive any citizen visitor forms.

**CONSENT AGENDA:**

**CONSIDERATION AND POSSIBLE ACTION:**

1. Consideration and possible action regarding adoption of a Resolution setting City of Montgomery tax exemptions for 2021.

Mr. Tramm said in May of this year they set three exemption rates for property tax. Mr. Tramm said one was a \$10,000 homestead exemption which the City did not previously have, one was a \$50,000 over 65 exemption, which was keeping what was previously in place, and a \$70,000 disability exemption.

Mr. Tramm said they were informed last week by the Tax Assessor's office that as a City under State law they cannot have a flat dollar amount tax exemption, it has to be adopted as a percentage. Mr. Tramm said their options were to either take no action or call a special meeting because they have until tomorrow morning to have this turned in. Mr. Tramm said essentially when they found out, they could only post a notice for this week because it was too late to post a notice for last week. Mr. Tramm thanked City Council for working their schedules to allow for this meeting to happen.

Mr. Tramm said if they take no action today they keep the over 65 and disability exemptions in place, but the homestead exemption will go away. Mr. Tramm said they had a discussion on that and City Council was favorable, but he wanted to bring that back for reconsideration to be adopted by a percentage if City Council chooses so it can go into place.

Mr. Tramm said the \$10,000 amount is roughly a four percent exemption in terms of its numerical value. Mr. Tramm said you can adopt anything from zero percent up to 20 percent.

Mayor Countryman said Mr. Tramm pulled the information regarding what other cities around them use and asked what was the average. Julie Davis said previously when they spoke about this, she had asked for a percentage and she was told no. Julie Davis said at that point in time Mr. Tramm presented them with Tomball and a couple of other cities that were not in Montgomery County which was around three, four, and five percent. Julie Davis said yesterday and the day before she had meetings with Mr. McCorquodale, Assistant City Administrator, and Mr. Tramm about this and asked the same question. Julie Davis said the majority of the cities in Montgomery County are at zero percent, there are three she believes are one percent, and two that are 20 percent. Julie Davis said that is it and there are no other deviants between one or 20 percent inside Montgomery County. Julie Davis said the two that are 20 percent are Oak Ridge North and Shenandoah and both cities told her that was because of high sales tax revenue so the ad valorem tax and sales tax tend to balance each other. Julie Davis said Shenandoah's ad valorem is 16 cents and their sales tax revenue is about \$6 million and Oak Ridge North ad valorem is 47 cents and their sales tax revenue is \$2.2 million. Julie Davis said our ad valorem is 40 cents and sales tax revenue is \$2.7 million.

Julie Davis said she suggests that we are not going to get any smaller of a city than they are now and if they are ever going to try 20 percent they need to do it now. Julie Davis said a year from now they can always adjust it down but if they start at three, four, and five percent they are never going to give their citizens the 20 percent break they may ever deserve whether their sales tax revenue is there or not. Julie Davis said if Oak Ridge North can sustain it, why couldn't they. Julie Davis said they have more sales tax revenue than Oak Ridge North and they have more coming with future growth and predictions. Julie Davis said she thinks that 20 percent is where they should be. Julie Davis said they are talking about an approximate \$200 per homestead exemption break. Julie Davis said \$200 times 437 homestead exemptions that are currently filed in the City is roughly \$86,000 that they would lose once a year. Julie Davis said if they do not like it they can go back and revisit it. Julie Davis said they are sitting on six, seven, 11 months' worth of arrears, why not give back \$86,000 to the people in our town.

Mayor Countryman said they also have a lot of new expenses coming up with new water and all the infrastructure that is coming in so it is a balancing act they have to be able to sustain with roads and water and it is coming. Mayor Countryman said she gets Julie Davis' point of

the 20 percent but because of all of that coming, they have to be able to provide that infrastructure piece.

Carol Langley asked if MISD gives the homestead exemption and you get it on your tax receipt. Julie Davis said this is over and above the County homestead exemption. Julie Davis said the County offers a homestead exemption and the City will offer it on top of that. Julie Davis said they are exempting part of the ad valorem tax that is the City so that 40 cents to every \$100 valuation we are saying we give a 20 percent discount to that 40 cents. Carol Langley asked if she is already getting a homestead exemption through MISD she would also get another one on top of that. Julie Davis said yes. Julie Davis said the average home site is valued at \$260,000 which means that \$10,400 of that is approximately the City's tax revenue, which the City taxes you on. Julie Davis said of that amount they are saying let us give you 20 percent of that back and you would get a \$2,000 valuation deduction so you would only be taxed on \$8,400.

Mayor Countryman asked how often is it if they do start at 20 percent and then they come down, is it voted on every year, and have they ever had anyone max out at 20 percent. Mayor Countryman asked if they have ever seen it start at 10 and then go to 15. Mayor Countryman said they never had but she is talking about the other cities that they are discussing. Mayor Countryman asked is it typical you start high and then come down low or is it that you go mid-range then you go higher or lower. Mayor Countryman said she agrees with the fact that it is easier to come down versus going up but at the same time she also sees the infrastructure need coming in that they need to be able to be aware of.

Julie Davis said she understands that but there are only five cities in the entire County that are even giving any kind of exemptions at all and the rest of them are at zero.

Mr. Tramm said to answer Mayor Countryman's question, the cities vote on this annually. Mr. Tramm said most of these entities that he is familiar with are using what they have used before. Mr. Tramm said they have the over 65 disability where the City has maintained those for an extended period that the City is happy with and it is good for the residents and their numbers there are high relative to most. Mr. Tramm said most cities do not adjust those numbers because they find the number they are satisfied with and stay there. Mayor Countryman said she is curious that no one is at 20 percent and the highest is two. Julie Davis said no, there are two

cities at 20 percent. Julie Davis said it is worth mentioning to everyone sitting on City Council, she gets no benefit from this. Julie Davis said she is getting no benefit to argue for 20 percent for anyone. Julie Davis said she just thinks it is good for their town.

Mr. Tramm said he thinks one thing for City Council to consider is the number you have in place is for a year, it can be adjusted up or down from there. Mr. Tramm said most of the cities are at zero percent and there are a couple at 20 percent but those ones do have a high proportion of sales tax revenue. Julie Davis said Oak Ridge does not. Julie Davis said Oak Ridge has \$500,000 less in sales tax revenue than they do. Mr. Tramm said Oak Ridge does have a high amount of sales tax relative to their property tax and that is new to Montgomery as of two years ago but that is something they are on an increasing trend for. Mr. Tramm said while he does think that trend will slow down, he does think it will continue. Julie Davis said she does not think it will slow down. Julie Davis asked Mr. Tramm if he thinks it will slow down. Julie Davis said they are talking about 517 homes that are going in at \$500,000. Mayor Countryman said it is something though they are going to be at capacity within the City limits. Julie Davis said all the more incentive to ask someone now with the new legislation people have to ask to be annexed in. Julie Davis said they were a home City anyways so they had to ask to be annexed in. Julie Davis said if they are going to have people say they want to be a part of the City, why not have 20 percent for homestead exemption because that is a pull for people to say please annex me into your City.

Mr. Tramm said the direction he wanted to go with those details was if you look back several years many people would be surprised to think the City of Montgomery collects more sales tax than the City of Oak Ridge North. Mr. Tramm said that is something that was not true until two years ago. Mr. Tramm said where the City of Oak Ridge North is increasing in sales tax on a straight line, the City of Montgomery is showing an increase in the economic growth here that Oak Ridge North does not have. Mr. Tramm said they have a huge advantage of being on the interstate highway, but they are also blocked in as they build-out. Mr. Tramm said Montgomery is far from built out in an economic development sense.

Kevin Lacy asked what would be the advantages and disadvantages of starting at 20 percent. Julie Davis said the disadvantage is they are going to lose \$86,000 out of their corner so to speak for the next fiscal year, not this one. Julie Davis said they have time to plan. Julie Davis

said she fully believes that their increased sales tax revenue has shown in provability that they would more than make that up in sales tax revenue and it would still come in as a benefit to the citizens. Byron Sanford said he agrees. Julie Davis said she feels like it is a win-win to start there because fiscally the numbers make sense and she asked for percentage in the first place. Mayor Countryman said Julie Davis was also the first one to make a motion.

Byron Sanford said toward the end of the infrastructure they know it is coming at some point won't they feel the need to ask the taxpayers to help with that in some way. Mr. Tramm said one way or another all the infrastructure is paid for by the taxpayers. Byron Sanford asked if it wouldn't make sense to try and ease that now at this time as much as they can. Julie Davis said how much are we going to sit on because they keep spending \$5,000 for all of the MEDC's stuff on goats and walkie-talkies and random items. Mayor Countryman said they are not just walkie-talkies. Mayor Countryman said the Chief requested those and they are actually for emergency services. Mayor Countryman invited the Chief to the next meeting to discuss why he needed those walking talkies and how many times they have been used. Julie Davis said just know that the higher the sales tax revenue goes the higher the bank account for MEDC goes as well. Julie Davis said they run hand in hand based upon the fact that MEDC gets a percentage of the sales tax revenue. Julie Davis said those things are not going away especially if MEDC is going to fund part of the downtown area like they are talking about doing. Mayor Countryman said she is all for exemptions and City Council sets the amount. Mayor Countryman said she was just trying to figure out if it is better to go high, low, or medium and make all considerations.

Mr. Tramm said they do have a lot of infrastructure ahead of them but he also believes they have the time to plan for a lot of it. Mr. Tramm said a lot of it is currently under construction that is currently funded and planned that they are continuing. Mr. Tramm said we have the Waterline Project they have been upsizing to connect the two parts of the City that are connected by a large line and that is nearing completion and mostly paid for. Mr. Tramm said there is the work recently beginning for Water Plant No. 3 improvements which will continue and are funded.

Julie Davis said she thinks what Byron Sanford is referring to is the Kammerer Tract like the rest of the City loops around the water lift stations. Mayor Countryman mentioned a water tower. Byron Sanford said the needs for the future.

Mr. Tramm said they definitely have plenty of needs but he is also comfortable in saying they have the resources to be able to accomplish this.

Julie Davis moved to set the homestead exemption at 20 percent. Byron Sanford seconded the motion.

Discussion: Mr. Tramm said they also need the inclusion of the \$50,000 over 65 exemption and the \$70,000 disability exemption.

Julie Davis moved to set the homestead exemption at 20 percent and maintain the \$50,000 over 65, and the disability at \$70,000 for the exemptions. Byron Sanford seconded the motion, the motion carried unanimously. (5-0)

**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.

No action was taken.

**POSSIBLE ACTION FROM EXECUTIVE SESSION:**

No action was taken.

**COUNCIL INQUIRY:**

Pursuant to Texas Government Code Sect. 551.042 the Mayor and Council Members may inquire about a subject not specifically listed on this Agenda. Responses are limited to 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.

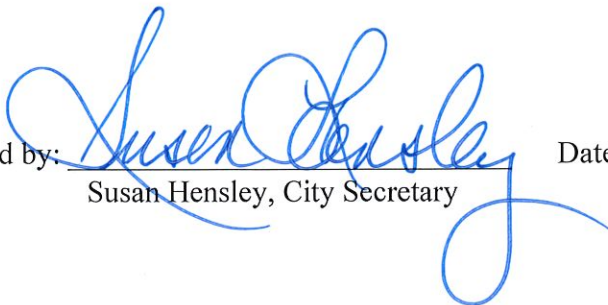
Julie Davis said one other thing that came out of Friday was a youth advisory program. Julie Davis said TML is really big on starting those. Julie Davis asked if they could start discussions on possibly hosting their

youth advisory committee here for Montgomery. Mr. Tramm said he would be happy to discuss that with her. Julie Davis said she would love to help head it up. Mr. Tramm said he is not familiar with the program Julie Davis is talking about but says he would discuss it with her to see what they can do and it is a perfect time to talk about it because they are adjusting the budget. Mayor Countryman said and just before school starts too.

**ADJOURNMENT**

Kevin Lacy moved to adjourn at 5:18 p.m. Julie Davis seconded the motion, the motion carried unanimously. (5-0)

Submitted by:



Susan Hensley, City Secretary

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

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Mayor Sara Countryman