

ALLEN OWEN
Mayor

JERRY WYATT
Councilmember at Large Position 1

CHRIS PRESTON
Councilmember at Large Position 2



YOLANDA FORD
Mayor Pro Tem
Councilmember District A

JEFFREY L. BONEY
Councilmember District B

ANTHONY G. MAROULIS
Councilmember District C

FLOYD EMERY
Councilmember District D

CITY COUNCIL SPECIAL MEETING MINUTES

The City Council of the City of Missouri City, Texas, met in special session on **Monday, December 18, 2017**, at the City Hall, Council Conference Room, 2nd Floor, behind the Council Chamber, 1522 Texas Parkway, Missouri City, Texas, 77489, at **5:45 p.m.** to consider the following:

1. CALL TO ORDER

Mayor Owen called the meeting to order at 6:09 p.m.

Those also present: Mayor Pro Tem Ford, Councilmembers Preston, Boney, Maroulis, and Emery; City Manager Snipes, City Attorney Iyamu, City Secretary Jackson, Assistant City Manager Atkinson, Assistant City Manager Elmer, Director of Development Services Spriggs, Director of Financial Services Atmore, Golf Course General Manager Stittleburg, Fixed Assets/C.I.P. Manager Chui, Budget and Financial Reporting Manager Inamdar, Customer Relations Specialist II Nixon, and Media Relations Specialist Stottlemeyer. Also present: Glen Whitehead and John Hightower. Absent: Councilmember Wyatt.

Councilmember Emery moved to take agenda item 2b out of order. Councilmember Maroulis seconded.
MOTION PASSED UNANIMOUSLY.

2. DISCUSSION/POSSIBLE ACTION

- (a) Consider the reappraisal of property damaged as a result of Hurricane Harvey pursuant to the Texas Tax Code, Section 23.02.

Assistant City Manager Atkinson and Glen Whitehead presented on the reappraisal of property damaged as a result of Hurricane Harvey. Councilmember Emery requested his comments to be included with the meeting minutes as Attachment "A."

Mayor Owen requested to take the executive session out of order.

3. CLOSED EXECUTIVE SESSION

After proper notice given pursuant to the Texas Open Meetings Act, the City Council went into Executive Session at 6:50 p.m.

Texas Government Code, Section 551.071 – Consultation with attorney to seek or receive legal advice regarding pending or contemplated litigation, a settlement offer, or on a matter in which the duty of the attorney to the City under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act: (a) December 18, 2017 Regular Meeting Item 7(a)(1) relating to a telecommunications tower; (b) controlled substances at City animal shelter; and (c) Creekmont Community Association, Inc. and Rena Marshall vs. Allen Owen, in his official capacity as Mayor of the City of Missouri City, Texas, and Maria Jackson, in her official capacity as City Secretary (Cause No. 2017-05988, 125th Judicial District Court of Harris County, Texas).

Texas Government Code, Section 551.074 – Deliberations concerning the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee: the city attorney.

4. RECONVENE

At 7:10 p.m., Council reconvened into open session. No action was taken in executive session.

2. DISCUSSION/POSSIBLE ACTION

- (b) Consider and discuss Tax Increment Reinvestment Zone 1 and 2 board member appointments.

City Secretary Jackson presented on the Tax Increment Reinvestment Zone 1 and 2 board member appointments.

Councilmember Boney moved to appoint Cherie Jones to TIRZ No.1, position 5. Councilmember Emery seconded. **MOTION PASSED UNANIMOUSLY.**

Mayor Pro Tem Ford moved to appoint Gloria Lucas to TIRZ No. 2, Position 1. Councilmember Boney seconded. **MOTION PASSED UNANIMOUSLY.**

- (c) Discuss the relationship between the City of Missouri City and the Missouri City Recreation & Leisure Local Government Corporation.

City Council requested to place agenda item 2c on an upcoming City Council meeting.

- (d) Discuss the Capital Improvement Program.

City Council requested to place agenda item 2d on an upcoming City Council meeting.

5. ADJOURN

The special City Council meeting adjourned at 7:12 p.m.

ATTEST:

Allen Owen, Mayor

Maria Jackson, City Secretary

Item 2e: Consider authorizing reappraisal of property damaged as result of Hurricane Harvey

Overview:

Reappraisal of property value due to Harvey damage can only be invoked when the property area has been declared a disaster zone by the Texas Governor and the taxing authority (MC) authorizes the FBCAD to do so. Individuals or businesses can't seek an independent reappraisal action from the FBCAD for the purpose of calculating the MC tax obligation without the MC authorization. This reappraisal will take into account the loss of home or business property values due to wind or flood damage created by Harvey.

Reappraisal's will be performed by FBCAD inspections/inspectors or flyover analysis performed by FBCAD. Outside appraisers may be used if volume warrants their use. Schedule for this action is currently being formulated by FBCAD

This process only covers tax relief as it applies to the loss of home/business value due to Harvey damage. Recovery of cost to repair damage from Harvey is covered separately by the homeowners' property and/or flood insurance.

For tax year 2017 the existing appraised value from 1/1/2017 to 8/27/2017 (65%) and the reappraised value from 8/28/2017 to 12/31/2017 (35%) will be used collectively to calculate the Y2017 tax obligation

The adjusted reappraised value will only be used for Y2017 tax calculation purposes and on 1/1/2018 the appraised value will revert back to the original 1/1/2017 appraised value. The homeowner can protest their appraised value should they not agree with either the reappraisal value for 2017 or the reinstated appraised value of 1/1/2018.

MC has not authorized FBCAD to perform a property reappraisal due to Harvey damage and therefore the reappraised value will not be used to calculate the Y2017 MC tax obligation. FBISD, FBC, Sugarland, Richmond, Rosenberg, Katy, Fulshear and numerous LIDS/MUDS have authorized this reappraisal. MC residents affected by Harvey damage will however receive a revised tax statement based on the reappraisals authorized by FBISD and FB County. This tax statement will reflect the MC decision not to authorize a reappraisal.

Writers Opinion (CM Floyd Emery)

This issue is a tax fairness issue regarding the affected homeowners' MC property tax obligation. Our current property tax process allows homeowners to protest their annual FBCAD appraised property value and this reappraisal is a one-time extension of that process.

The financial impact from this process should be handled in the same manner as those reductions in tax revenue due to the reduction of property values/tax revenue created from the annual FBCAD tax appraisal protest process. This would include the pro-rata share of FBCAD cost to perform the reappraisal process.

For many MC residents affected by Harvey damage the revised tax statement they receive from the FBISD and FBC reappraisal will be the 1st time they become aware that the reappraised value was not taken into consideration when calculating their MC tax obligation. This will raise questions for MC Officials and FBCAD to address why MC did not authorize this action and provide similar tax relief. This potentially would create a Public Relations issue and potentially a legal issue with our homeowners.

Tax relief through the reappraisal process provides a tax reduction commensurate with the loss of home values due to Harvey. A predetermined set amount to reimburse each affected homeowner for the loss of this tax reduction as a means to compensate for this loss will produce an unequal distribution of funds that are not representative of each resident's actual tax loss.

Impact from reappraisal of property's value on FBCAD records, when property owner is either attempting to refinance, draw down equity or sale/purchase, is a remote possibility. In most instances the FBCAD records are not the primary source for establishing value. Rather in these instances an independent appraisal by an independent appraisal firm will be required to establish this value. Further, whether MC participates in this reappraisal process or not the FBCAD records will reflect that the property was reappraised due to Harvey flood or wind damage based on FBISD and FB County authorizations for reappraisal

Estimated reduction of taxes collected due to reappraisal

Estimated 350 homes damaged with estimated \$250,000 average appraised value or \$87,500,000 in total assessed values

\$87,500,000 @ .600/100 tax rate or \$525,000 (*) expected taxes to be collected in Y2017

350 homes with est. damage of \$50,000 (20%) provides reappraised assessed value of \$70,000,000

\$70,000,000@ .600/100 tax rate or \$420,000 (**) reduced taxes to be collected for Y2017

Prorated calculation of taxes collected

\$525,000 (*) full year taxes x 65% (from 1/1/2017 to 8/28/2017 - date of disaster) = \$341,250

\$420,000 (**) adjusted reappraised full year taxes x 35% (from Aug. 29th to Dec.31) = \$147,000

\$341,250 + \$147,000 = \$488,250 adjusted taxes to be collected in Y2017

Estimated Reappraisal impact for only the 2017 tax year

\$525,000 taxes collected w/o adjustment for these 350 homes

\$488,250 taxes collected w/reappraisal adjustment for these 350 homes

\$36,750 less taxes collected in Y2017 with reappraisal of 350 homes

\$10,652 MC pro-rata share of FBCAD reappraisal fee

\$47,402 estimated cost to authorize reappraisal or \$135.43 average per home

Conclusion of Writer: (CM Floyd Emery)

Missouri City City Council should authorize the reappraisal process and direct Mayor Owen to convey this authorization to the FBCAD

Basis for Decision

Tax Fairness Issue

Reappraisal provides Tax Relief when appraised value is reduced

Similar process for tax relief is allowed in the annual FBCAD appraisal protest process

FBC, FBISD, Sugarland, Richmond, Rosenberg and Katy have authorized reappraisal

MC citizens trusted us by approving the recent tax rate increase and we owe it to them to allow any reductions in assessed value when determining their tax obligation to the City

Financial Impact

Reduction of property tax obligation is not a direct cost to the City rather it is a reduction of property tax revenue collected

As with any shortfall of revenue there are several options to consider when formulating our Budget:

Reduce spending/services beginning with lowest priority items. This would exclude Public Safety and Public Services

Utilize General Fund \$ to the point where it would not affect our General Fund Policy target of 20 to 30%

Raise tax rate to make up tax revenue shortfall

Other Considerations

FBCAD records and revised FBC tax statements will reflect a reappraisal of property based on FBC and FBISD authorizations

Appraised value of property for refinancing/equity drawdown and buying/selling will normally be established by an independent appraisal/appraiser not the FBCAD appraisal records

Affected residents will question why MC did not reduce their MC tax obligation through the reappraisal process. This would create a PR issue and potential lawsuits.

Questions from residents regarding MC reappraisal decision will be forthcoming when the affected property owners receive the revised tax statement from the County