

**CITY OF COPPERAS COVE
CITY COUNCIL SPECIAL MEETING MINUTES
JANUARY 25, 2007 – 7:00 P.M.**

A. CALL TO ORDER

Mayor, Roger P. O'Dwyer called the regular meeting of the City Council of the City of Copperas Cove Texas to order at 6:33 p.m.

B. INVOCATION AND PLEDGE OF ALLEGIANCE

Council Member Somera gave the Invocation, and 10 members of Cub Scout Pack No. 259, led the Pledge of Allegiance.

C. ROLL CALL

Bob Reeves
Larry D. Sheppard
John Gallen
James Stockman
R. Ray Gatewood (arrived at 6:45 p.m.)
Fred Harris
Frank D. Somera, Jr.

ALSO PRESENT

Steven J. Alexander, City Manager
James R. Thompson, City Attorney
Jane Lees, City Secretary

D. ANNOUNCEMENTS

Council Member Gallen announced that the seventh annual Polar Bear Swim will be held at the City Park Pool on February 3 at 4:00 p.m.

Mayor O'Dwyer announced that the City would be answering questions from citizens through "Ask the Roundtable" located on the website. Any questions citizens have will be answered by him, the City Manager, and appropriate Staff. The answers to the questions will be aired on the Public Access TV Channel.

E. PUBLIC RECOGNITION

F. PUBLIC HEARING

1. Public hearing on freezing property tax rates for citizens in Copperas Cove who are disabled or sixty-five years of age or older. **Steven J. Alexander, City Manager**

Steven J. Alexander, City Manager gave an overview of agenda item F-1.

Jerry Hogg, Coryell County Appraisal District, gave a summary of what a tax cap is and what the impact would be to the City of Copperas Cove.

Mayor O'Dwyer opened the Public hearing.

Speaking:

Mr. Phillip G. Lavalis, 342 Skyline Drive. Asked how a tax cap would help him, saying that he is over 65 and disabled and has a home worth approximately \$300,000. City Manager, Steve Alexander explained that when a tax cap is put into place, at that point you will not pay any more property taxes above that amount in future years. Your property value continues to grow and the tax rate remains the same, you still pay the same amount in future years as you did when the tax cap base rate was established. This is how you would benefit from a tax cap.

Mr. Alexander asked Mr. Hogg if it is correct to say that if there were major improvements made to a home, then you would see a tax increase. Mr. Hogg said that if a room were added to a house, the house would have a new value and be re-assessed. Then, that new re-assessment would become the base. Improvements to the original structure will not have any impact on the base amount, only if there is an addition to the existing structure.

Frank Seffrood, 430 Cottonwood. Asked Mr. Hogg what the average value of a home was for the affected group. Mr. Hogg said it was a little lower, at \$83,000. Mr. Seffrood said there has to be a point of diminishing loss for the city because of the additional properties being built, which will be far above the current average value. The tax base will be much higher, so the revenue that is being lost by the tax ceiling is going to disappear more quickly because of this growth. We want to grow, and certainly that is our whole aim, to grow. If we say that we don't want to do this and maybe lose money and possibly services, has this thought been a fear of the Council? Mr. Alexander answered by saying that he doesn't know so much that it's a fear, but anytime you look at loss of anticipated revenue it has to be a consideration because none of us has a crystal ball we can look into to predict the future. We would love the growth to continue, we would love to have the growth be in higher-valued homes and have more businesses come in, but I can't guarantee that and nobody else can. So I think it just has to be a consideration as we look at any type of discount or cap being set. Mr. Seffrood asked about the mortality rate. This group has the highest mortality rate of the community. Mr. Alexander said that he understood from Mr. Hogg that is why he went with a 10 year projection. Mr. Seffrood said as they expire, these properties would come back onto the rolls at a full taxable value.

Council Member Reeves asked if a person passes away and that house goes on the market and another senior citizen purchases that house, do they receive the current tax rate? Mr. Hogg said no, the year the new owner acquires the home would be the new base.

Mr. Lavalis asked if he passes and his children remain in the home, would that tax ceiling be passed to them? Mr. Hogg said that if the home passes to a non-qualifying person, the over age 65 exemption would be removed at that point. If they live in the home and qualify for a regular homestead they will get that, but they would not qualify for the over age 65 exemption. However, a surviving spouse that is 55 years old or older will continue to receive the over age 65 exemption until he or she no longer owns the house. So if you are 65, you have qualified for the exemption and you pass away, and you have a surviving spouse that is 55 years of age or older, they will continue to receive that exemption until they no longer qualify.

Council Member Gatewood asked if the number Mr. Hogg gave earlier referred to number of people or number of households. Mr. Hogg said that the 1,161 figure referred to number of households as of January 1, 2006.

Bill Waltz, 315 Chestnut Drive. He said that the Texas exemption for veterans fluctuates depending on your disability rate. Mr. Hogg said that disabled veterans receive a separate and distinct exemption. If a disabled veteran can also qualify as a disabled person, which the definition in the code is that they must qualify under the Social Security rules of being 100 percent disabled and unable to work. Then they would qualify as a disabled person. We would reclassify them as a disabled person and they would have the same benefit as anyone over age 65 or a disabled person. If you do not make that qualification, and you have a percent disability as a disabled veteran, you will get the graduated amounts assigned to the various percentages, but you will not qualify for the ceiling.

Laura Packard, 922 Willowbrook Street. She said that 89 Texas counties have voted in a tax cap. She questioned why only 89 have done this when there are 254 counties in Texas. As far as cities go, she said that only 99 out of 1,012. She posed the question as to why the City appears to be rushing to get this onto the May election ballot? She asked why we couldn't get a group of people together and work out the proper wording and how we would present it as a proposition on the ballot? The City may want to offer residents the option of doing exemption for a few years. This would give younger people an idea of what would happen if a tax cap would be instituted. The City should test this first before jumping in. We need more research into this first. Feels there is more we need to know and the residents need to be educated before making this decision. We don't want to hurt the younger people so we should really make an effort to research this further.

Mel Edwards, 4157 FM1113. He and his son own a home at 608 West Avenue A. What is the estimate on homes in the 1,161 of the currently identified over age 65. Mr. Hogg said it was around \$83,000. Mr. Edwards asked what the ceiling would cost the City for the first year. Mr. Alexander said that the projection was \$33,000. Mr. Edwards asked what the City budget is. Mr. Alexander responded by saying that the City budget for the General Fund is around \$11.5-\$12 million. Mr. Edwards said that giving this benefit to the seniors would not really cost the City very much. The tax cap would probably help the citizens who would actually need the help.

Ken Smith, 1305 Hawk Trail. He thanked Mr. Hogg for clarifying a lot of questions that he had brought in with him. He asked Mr. Hogg if he used the entire accessible lot, the dwelling, land and improvements or just the dwelling? Mr. Hogg said he used all the properties that qualified under the homestead, so it could have been a dwelling and a shop building, if it was on the site. All that would be included in the homestead property. He asked if the City has considered a means test for a ceiling and would it be constitutional to do so. City Attorney, Jim Thompson, said this would not be legal. Mr. Hogg said that the option that has been given to the City has been given to the cities by the State Legislature and it is under the requirements of the property tax code, which does not allow the means test. Mr. Smith asked about the \$411,000 figure out at 10 years, saying that it is significant, and that he would like to know what percentage that would be of that revenue in 10 years. He would like that number put into context in terms of projected increase in city revenues. Mr. Alexander said that is a great idea and we can project that pretty easily.

Ralph Roberts, 2983 Grimes Crossing Road. He asked Mr. Hogg how he would base an appraisal on a house that was built before 1939? Mr. Hogg said that the appraisal process does consider depreciation for age. A house can have maintenance done to it which would retard the age. We would look at the quality of construction, the amount of depreciation and add the land value to get a market value, then, give the property owners an opportunity to protest the appraisal.

Sandor Vegh, 1407 Eagle Trail. He said that Mr. Hogg has given us the figures as to how much the City will lose each year for 10 years. The Economic Development Corporation forecast for the next 10 years shows that we will have a lot of nice things happening and the City will bring in businesses, which in turn will increase the tax base. This should even out somehow what we will lose as the City grows.

Bob McFarland. Be sure to consider the veterans in exemptions.

Rodney Barnes, 3010 Grimes Crossing. He mentioned that the school district has had a freeze on property tax for seniors and disabled since 1998 and there is no benefit there for seniors. He said that the City needs to give senior citizens a break.

Mayor O'Dwyer closed the Public hearing. At 7:56 p.m.

G. EXECUTIVE SESSION

1. Pursuant to §551.074 of the Open Meetings Act. *Tex. Gov't Code*, Council will meet in Executive Session to discuss the duties and responsibilities of the City Secretary.

1. Pursuant to §551.074 of the Open Meetings Act. *Tex. Gov't Code*, Council will meet in Executive Session to discuss the duties and responsibilities of the City Manager.

Mayor O'Dwyer announced the City Council would adjourn from the regular meeting to enter into executive session at 7:58 p.m.

H. RECONVENE INTO OPEN SESSION FOR POSSIBLE ACTION RESULTING FROM ANY ITEMS POSTED AND LEGALLY DISCUSSED IN EXECUTIVE SESSION

Mayor O'Dwyer announced the City Council had reconvened at 9:42 p.m., and stated that executive session items G-1 and G-2 were for information purposes only and no action would be taken.

I. ADJOURNMENT

There being no further business, Mayor O'Dwyer stated the meeting adjourned at 9:42 p.m.

Roger P. O'Dwyer, Mayor

ATTEST:

Jane Lees, City Secretary