



**CITY COUNCIL
WORKSHOP MINUTES
JANUARY 9, 2021
Via Telephone/Video Conference
(Zoom Meeting)**

THIS MEETING WAS FOR REVIEW AND DISCUSSION ONLY; NO ACTION WAS TAKEN

Pursuant to Governor Greg Abbott's temporary suspension of various provisions of the Texas Open Meetings Act to allow for telephonic or videoconference meetings of governmental bodies that are accessible to the public in an effort to reduce in person meetings that assemble large groups of people the City Council meeting scheduled for Saturday, January 9th, was only open to the public via remote access.

The following instructions were provided to the general public.

Instructions for Public Speaking:

- Members of the public that wish to speak during public comments, public hearing or an agenda item will need to register in advance by visiting www.cityofmanor.org where a registration link will be posted on the calendar entry for each public meeting. You will register by filling in the speaker card available for that specific meeting and submitting it to publiccomments@cityofmanor.org. Once registered, instructions will be emailed to you on how to join the videoconference by calling in. Your Speaker Card must be received two (2) hours prior to scheduled meeting.

Upon receiving instructions to join zoom meeting the following rules will apply:

- All speakers must address their comments to the Mayor rather than to individual Council Members or city staff. Speakers should speak clearly into their device and state their name and address prior to beginning their remarks. Speakers will be allowed three (3) minutes for testimony. Speakers making personal, impertinent, profane or slanderous remarks may be removed from the meeting.

PRESENT VIA ZOOM:

Dr. Larry Wallace Jr., Mayor

COUNCIL MEMBERS:

Dr. Christopher Harvey, Mayor Pro Tem, Place 3 (Absent)
Emily Hill, Place 1
Anne Weir, Place 2
Sonia Wallace, Place 4
Deja Hill, Place 5
Gene Kruppa, Place 6

CITY STAFF:

Lluvia T. Almaraz, City Secretary
Lydia Collins, Director of Finance
Scott Dunlop, Assistant Development Services Director

WORKSHOP SESSION – 9:00 A.M.

With a quorum of the Council Members present via video/telephone conference, the workshop session of the Manor City Council was called to order by Mayor Wallace Jr. at 9:00 a.m. on Saturday, January 9, 2021.

PUBLIC COMMENTS

There were no public comments received prior to the meeting.

Mayor Wallace introduced Zindia Thomas, J.D.

Zindia Thomas discussed the attached PowerPoint presentation.

• **Discussion of the TML Revenue Manual for Texas Cities.**

- *Assessments (petition, advisory committee, improvement & tourism)*
- *Certificates of Obligation*
- *Child Safety Fines*
- *Felony Forfeiture Funds*
- *Hotel Occupancy Taxes (7% max)*
- *Investments (ordinance/resolution)*
- *Municipal Court Fines*
- *Tax Freeze*
- *Right-of-Way Rental Fees*

- **Discussion of the TML Economic Development Handbook.**

- *Property Tax Abatement*
- *Tax Increment Financing*
- *Economic Development Through Tourism*
- *Other Economic Development Initiative – Public Improvement Districts*

ADJOURNMENT

The Workshop Session of the Manor City Council Adjourned at 12:00 p.m. on Saturday, January 9, 2021.

These minutes approved by the Manor City Council on the 20th day of January 2021.

APPROVED:



Dr. Larry Wallace Jr.
Mayor

ATTEST:



Luvia T. Almaraz, TRMC
City Secretary



ECONOMIC DEVELOPMENT CHOICES

ZINDIA
THOMAS,
J.D.

PRESENTATION OUTLINE

Property Tax Abatement – Chapter 312 of the Tax Code
Tax Increment Financing – Chapter 311 of the Tax Code
Public Improvement Districts & Assessments – Chapter 372 of the Local Government Code
Hotel Occupancy Tax – Chapter 351 of the Tax Code
Certificates of Obligation – Section 271.041 -271.064 of the Local Government Code
Investments – Chapter 2256 of the Government Code
Child Safety Fines – Article 102.014 of the Code of Criminal Procedure
Municipal Court Fines – Section 54.001 of the Local Government Code
Felony Forfeiture Funds – Chapter 59 of the Code of Criminal Procedure
Property Tax Freeze – Section 11.261 of the Tax Code
Right-of-Way Rental Fees – Article III, § 53 of the Texas Constitution

PROPERTY TAX ABATEMENT

TAX CODE CHAPTER 312

A local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a period not to exceed 10 years.

- ❖ Used to attract new industry and commercial enterprises and to encourage the retention and development of existing businesses.
- ❖ All local governments are allowed to enter into tax abatements (except school districts).
- ❖ Initiation of a tax abatement agreement depends on the location of the property.

PROPERTY TAX ABATEMENT

TAX CODE CHAPTER 312

Property Tax Abatement Procedure

1. Each Taxing Unit must adopt a resolution indicating intention to participate in tax abatement.
2. Each Taxing Unit must adopt tax abatement guidelines and criteria.
3. Notice & Public Hearing on Designation of a Reinvestment Zone.
4. Leading Taxing Unit designates Reinvestment Zone.
5. Written Notice of Intent to enter a tax abatement agreement must be sent to presiding officers of each of the other taxing units in which the property is located.
6. Adopt Tax Abatement Agreement.
7. Other Taxing Units may or may not enter into an abatement agreement.

TAX INCREMENT FINANCING

TAX CODE CHAPTER 311

A tool that local governments can use to publicly finance needed structural improvements and enhanced infrastructure within a designated area known as a reinvestment zone.

- ❖ Used to publicly finance needed structural improvements and enhanced infrastructure in a defined area (reinvestment zone).
- ❖ Improvement undertaken to promote the viability of existing businesses and to attract new commercial enterprises to the area.
- ❖ **Tax Increment:** additional incremental tax revenue that is received from the affected properties.

TAX INCREMENT FINANCING

TAX CODE CHAPTER 311

- ❖ The cost of improvements to the reinvestment zone is repaid by the future tax revenues of each taxing unit that levies taxes against the property.
- ❖ Only cities or counties can initiate.
- ❖ Each taxing unit can choose to dedicate all, a portion of, or none of the tax revenue gained as a result of improvements within the reinvestment zone.

TAX INCREMENT FINANCING TAX CODE CHAPTER 311

- ❖ Designated area must meet at least one of these specific criteria to be considered for tax increment financing:
 - ❖ Present condition must substantially impair the city or county's growth, retard the provision of housing, or constitute an economic or social liability to the public health, safety, morals or welfare & condition must exist because of the presence of one or more of the following*:
 - ❖ Substantial number of substandard or deteriorating structures,
 - ❖ Inadequate sidewalks or street layout,
 - ❖ Unsanitary or unsafe conditions.
 - ❖ Predominately open or undeveloped land that substantially impairs the growth of the city or county because of obsolete platting, deteriorating structures or other factors.
 - ❖ In or adjacent to a "federally assisted new community".
- OR
- ❖ Described in a petition requesting that the area be designated as a reinvestment zone.
 - ❖ Petition must be submitted by the owners of the property constituting at least 50% of the appraised property value within the proposed zone.

*not the whole list

TAX INCREMENT FINANCING

TAX CODE CHAPTER 311

Tax Increment Financing Procedure

1. GB must prepare a preliminary reinvestment zone financing plan.
2. GB must publish notice of a public hearing at least seven days before hearing on the creation of the reinvestment zone.
3. GB must hold public hearing on the creation of the reinvestment zone.
4. City or county designate a contiguous area as a reinvestment zone for tax increment financing purposes and create the board of directors for the reinvestment zone by ordinance or order.
5. Board of directors must prepare both a "project plan" and a "reinvestment zone financing plan".
6. Other taxing units with property within the zone must collect the percentage of their increased tax revenues that will be dedicated to the tax increment fund after approval of project plan and reinvestment zone financing plan by board of directors and city/county.
7. Board of directors must make recommendations to the city/county on the implementation of the tax increment financing once reinvestment zone is established.
8. City/County must submit an annual report to the chief executive officer of each taxing unit that levies taxes on property within the zone.

PUBLIC IMPROVEMENT DISTRICTS & ASSESSMENTS

LOCAL GOVERNMENT CODE CHAPTER 372

Any city can levy and collect special assessments on property within the city or within the city's ETJ to finance certain improvements to infrastructure to facilitate economic growth within an area.

- ❖ **Assessments:** fees levied against property owners who will benefit from assessment-financed improvements within PIDs.
- ❖ Following Improvements* may be accomplished:
 - ❖ Landscaping
 - ❖ Acquiring, constructing, improving, widening, narrowing, closing or rerouting sidewalks, streets, or any other roadways or their right-of-way
 - ❖ Acquisition, construction or improvement of water, wastewater or drainage improvements
 - ❖ The establishment or improvement of parks
 - ❖ Construction or improvement of pedestrian malls
 - ❖ Acquisition, construction, or improvement of off-street parking facilities

*not the whole list

Payment of Costs of Improvement:

- ❖ Cost payable by city: city may use general funds available for the purpose of improvements or other available general funds.
- ❖ Cost payable from special assessments that have been paid in full: must be paid from that assessment.
- ❖ Cost payable from special assessment that is payable in installments: may be paid by any combination of the following:
 - ❖ Under an installment sales contract or a reimbursement agreement b/w city and person who acquires, installs, or constructs the improvements;
 - ❖ As provided by a temporary note or time warrant issued by the city and payable to the person who acquires, installs, or constructs the improvements; or
 - ❖ By the issuance and sale of revenue or general obligation bonds.

PUBLIC
IMPROVEMENT
DISTRICT
&
ASSESSMENTS

LOCAL
GOVERNMENT
CODE
CHAPTER 372

PUBLIC IMPROVEMENT DISTRICT & ASSESSMENTS

LOCAL GOVERNMENT CODE CHAPTER 372

Public Improvement District Procedure

1. Petition: GB or a group of affected property owners must initiate and call for a defined area of the city to be declared a PID.
2. City may appoint an advisory board to develop and recommend an improvement plan for the PID after receiving a petition.
3. City should prepare a feasibility report after receiving a petition.
4. Public Hearing on advisability of the improvements must be conducted after meeting statutory notice requirements.
5. City must adopt a resolution by majority vote authorizing the creation of a PID.
6. Twenty days after authorization of the PID has taken effect, the City may begin construction of the improvement.
7. Five-year on-going service plan and assessment plan must be developed.
8. City must prepare a proposed assessment roll and provide notice and a public hearing on the proposed assessment roll.
9. By ordinance, the City may levy the special assessment against taxable properties within the district after all the objections have been heard and considered.
10. City may make additional assessments against the property within the district to correct omissions or mistakes regarding the costs of the improvements.

HOTEL OCCUPANCY TAX TAX CODE CHAPTER 35 I

A tax charged to a person who, under a lease, concession, permit, right of access, license, contract, or agreement, pays for the use or possession or for the right to the use or possession of a room that is in a hotel, costs \$2 or more each day, and is ordinarily used for sleeping.

- ❖ All cities can adopt HOT within its city limits.
- ❖ Cities with a population of under 35,000 can adopt HOT within its ETJ also.
- ❖ Most cities can adopt up to 7% HOT rate.
- ❖ Some cities can adopt up to 9% HOT rate depending on type of city or population of city.
- ❖ Combined HOT Rate:
 - ❖ May not exceed more than 17% HOT
 - ❖ If city adopt HOT in ETJ, may not exceed 15% HOT

HOTEL OCCUPANCY TAX – TAX CODE CHAPTER 351

TWO PART TEST

Part One

Every Expenditure must **DIRECTLY** enhance & promote (Heads in Beds):

- ✓ Tourism
 - Guiding or managing individuals who are traveling from the individual's residence to a different city, county, state or country for pleasure, recreation, education, or culture.
- ✓ Convention & Hotel Industry
 - A program, event, or facility likely to cause increased hotel or convention activity.

Part Two

Clearly fit into one of nine statutorily provided categories

1. Convention center/Visitor information center
2. Administrative Cost for facilitating convention registration
3. Advertising, solicitations & promotion that attract tourists and convention delegates to the city or its vicinity
4. Promote the Arts
5. Historical restoration/preservation programs
6. Sporting events within counties w/ a population of under 1 million
7. Sport facilities/fields for certain cities
8. Transportation systems for tourists
9. Direction signage for tourist to sights/attractions

CERIFICATES OF OBLIGATION

SECTIONS 271.041 - 271.064 OF THE LOCAL GOVERNMENT CODE

A debt instrument that can be issued by a city to:

- 1. Pay for the construction of public work;**
- 2. Purchase materials, supplies, equipment, machinery, buildings, land, and right-of-way for authorized needs and purposes; and**
- 3. Pay contractual obligations for professional services.**

- ❖ Paid off through taxes, revenues, or a combination of both.
- ❖ Does not require voter approval, unless receives a petition protesting issuance of COs.
- ❖ Notice of the issuance of COs must be published in the newspaper of general circulation in the area that the city intends to issue the COs.
- ❖ Must receive Attorney General approval unless COs are issued directly to a contractor.

INVESTMENTS

CHAPTER 2256 OF THE GOVERNMENT CODE

- ❖ Allowed by the Public Fund Investment Act (PFIA).
- ❖ Requirements necessary before City can invest its public funds:
 1. Adopt a written investment policy by ordinance or resolution;
 2. Only invest city's funds in investments authorized under its written investment policy;
 3. Authorized investments must come from the list of proper investments under the PFIA; and
 4. A City Official must complete training regarding the requirements of the PFIA.
- ❖ **Legal Investments under the PFIA:**
 - ❖ Governmental Obligations
 - ❖ Certificates of Deposits
 - ❖ Repurchase Agreements
 - ❖ Securities Lending Programs
 - ❖ Banker's Acceptances
 - ❖ Commercial Paper
 - ❖ Certain Municipal Funds
 - ❖ Investment Pools
 - ❖ Municipal Utility
 - ❖ Municipal Funds from Management & Development of Mineral Rights
 - ❖ Decommissioning Trust
 - ❖ Hedging Transaction

CHILD SAFETY FINES

ARTICLE 102.014 OF THE CODE OF CRIMINAL PROCEDURE

Cities under 850,000 may adopt an optional municipal court fine on parking violations, if the city has a parking ordinance that provides penalties for violations.

- ❖ Proceeds are used for child safety.
 - ❖ If city operates a school crossing guard program, proceeds must be spent on that program.
 - ❖ If not, proceeds may either be deposited in an interest-bearing account or expended for programs designed to enhance child safety, health, or nutrition, including child abuse prevention & intervention and drug & alcohol abuse prevention.
 - ❖ Programs designed to enhance public safety and security.

MUNICIPAL COURT FINES

SECTION 54.001 OF THE LOCAL GOVERNMENT CODE

Monetary Punishments for Violation of Class C Misdemeanor by Municipal Courts.

- ❖ Class C Misdemeanors are created by state statutes or city ordinances.
 - ❖ Examples: Traffic tickets, Weedy lot violations.
- ❖ Amount of Fines:
 - ❖ State Class C Misdemeanors: set by the statute that created the offense.
 - ❖ City Ordinance: set by the ordinance
 - ❖ Ordinary offenses: may not exceed \$500
 - ❖ Offenses related to fire safety, zoning, or public health and sanitation: may not exceed \$2000
 - ❖ Dumping of Refuse Offense: may not exceed \$4000.
- ❖ Revenue for offenses other than traffic violations is general revenue of the city
- ❖ State Traffic violation revenue used:
 - ❖ to construct and maintain roads, bridges & culverts in the city; and
 - ❖ to enforce laws regulating the use of highways by motor vehicles.

FELONY FORFEITURE FUNDS

CHAPTER 59 OF THE CODE OF CRIMINAL PROCEDURE

Allows for police seizures and forfeitures of property used in, and the proceeds gained from, the commission of certain crimes.

Criminal District Attorney may, by agreement, distribute property and funds to local law enforcement agencies to be used for law enforcement purposes.

- ❖ Police chief has sole decision-making authority about how funds are spent.
- ❖ Funds held in city treasury.
- ❖ **Law Enforcement Purposes:** an activity of a law enforcement agency that relates to the criminal and civil enforcement of the laws of this state and specifically includes:
 - ❖ Equipment;
 - ❖ Supplies;
 - ❖ Investigative and training-related travel expenses;
 - ❖ Conferences and training expenses
 - ❖ Investigative costs;
 - ❖ Crime prevention and treatment programs;
 - ❖ Facility costs;
 - ❖ Witness-related costs; and
 - ❖ Audit costs and fees.

PROPERTY TAX FREEZE

SECTION 11.261 OF THE TAX CODE

City may freeze homestead property taxes of individuals who are disabled or over the age of 65.

- ❖ City council can enact.
 - ❖ Election if receives petition by 5% of the registered voters in the city.
- ❖ Once enacted, cannot be revoked.

Also see Art.VIII, § 1-b(h) of the Texas Constitution.

RIGHT-OF-WAY RENTAL FEES

ARTICLE III, § 52 OF THE TEXAS CONSTITUTION

Rental costs paid by utilities that use the city's right-of-ways or other city property to transmit their services.

Also known as Franchise Fees.

How the fees are determined depends on what utility is using the right-of-ways:

- ❖ **Cable Television & Other Video Services:** Chapter 66 of the Utilities Code
 - ❖ Holder of a state-issued cable and video franchise holder to make quarterly franchise payment to each city in which it provides service and that the payment be equal to 5% of gross revenue earned by the franchise holder in that city; and
 - ❖ Holder is required to pay each city a public, educational, and government (PEG) channel support fee an amount equal to 1% of the provider's gross revenue or, at the city's election, the per-subscriber line fee that was paid under previous franchise agreements.
 - ❖ Fee can be spent in the manner the city chooses, except for the PEG fee.

RIGHT-OF-WAY RENTAL FEES

❖ **Electricity:** Section 33.008 of the Utilities Code

- ❖ Rental fee based on kilowatt hours of electricity delivered within the city.
- ❖ Rate per kilowatt hour is based on the amount of compensation that the city received in calendar year 1998 for its then-existing electric right-of-way rental fee, divided by the number of kilowatt hours delivered to retail customers in the city during 1998.
- ❖ City should adopt an electric franchise ordinance to provide for the collection of the fees.

❖ **Gas and Water:** Section 182.025 (a) & (b) of the Tax Code

- ❖ May impose a 2% rental fee, but fee may be at a greater rate if the parties agree in writing.

❖ **Small Nodes:** Chapter 284 of the Local Government Code

- ❖ Charge a maximum annual amount equal to \$250 multiplied by the number of network nodes installed in the public right-of-way in the city's corporate boundaries.
- ❖ Lawsuit

RIGHT-OF-WAY RENTAL FEES

❖ **Telephone/Telecommunication Services:** Chapter 283 of the Local Government Code

- ❖ Rate equal to the number of "access lines" currently located within the city multiplied by the access line fee rate calculated for each city based on the franchise fee revenues received by the city in 1998.
- ❖ Exception: Bundled cable and telecommunication provider to stop paying the lesser of its state cable right-of-way rental fee or telephone access line fees, whichever is less for the company statewide.

CONTACT
INFORMATION FOR
QUESTIONS

Zindia Thomas, J.D.

zoesquire@gmail.com

