

STATE OF TEXAS  
CITY OF FRIENDSWOOD  
COUNTIES OF  
GALVESTON/HARRIS  
OCTOBER 1, 2020



# AGENDA

NOTICE IS HEREBY GIVEN OF A FRIENDSWOOD CITY COUNCIL SPECIAL MEETING TO BE HELD AT 6:00 PM ON THURSDAY, OCTOBER 1, 2020, AT FRIENDSWOOD CITY HALL, COUNCIL CHAMBERS, 910 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS, REGARDING THE ITEMS OF BUSINESS ACCORDING TO THE AGENDA LISTED BELOW:

## 6 PM – SPECIAL MEETING

1. Call to order
2. Invocation
3. Pledge of Allegiance – United States and Texas  
(HONOR THE TEXAS FLAG; I PLEDGE ALLEGIANCE TO THEE, TEXAS, ONE STATE UNDER GOD, ONE AND INDIVISIBLE)
4. Communications from the Public  
Communications from the Public (To comply with provisions of the Open Meetings Act, the City Council may not deliberate on items discussed under this agenda item. The Council may refer this item to the City Manager or direct this item to be placed on the next regular Council agenda. Out of respect for those speaking during public comment, please refrain from any outbursts or interjections to include, but not limited to, applause and/or disparaging noises from the audience. Doing so discourages others from voicing their thoughts and opinions, and disrupts the meeting. Furthermore, any personnel complaints against a City employee aside from the City Manager, City Secretary, City Attorney or Municipal Judge cannot be discussed under this section. Please contact the City Manager's office for concerns involving a City employee.)
5. Ordinances  
Consideration and possible action regarding the following:
  - A. Ordinance No. T2020-41: First and Final reading of an ordinance ratifying provision for the levy and collection of ad valorem taxes of the City of Friendswood, Texas for the tax year commencing October 1, 2020 and ending September 30, 2021; providing the date on which such taxes shall be due and payable; providing for penalty and interest on all taxes not timely paid; providing for severability; and repealing all ordinances or parts of ordinances inconsistent on in conflict herewith.
6. Communications from the Mayor and Councilmembers

## 7. Adjournment

\_\_\_\_\_  
This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive service must be made two (2) business days or more prior to this meeting. Please contact the City Secretary's Office at (281) 996-3270 for further information.

\_\_\_\_\_  
I, MELINDA WELSH, CITY SECRETARY OF THE CITY OF FRIENDSWOOD DO HEREBY CERTIFY THAT THE ABOVE NOTICE OF MEETING OF THE FRIENDSWOOD CITY COUNCIL WAS POSTED IN A PLACE CONVENIENT TO THE GENERAL PUBLIC IN COMPLIANCE WITH CHAPTER 551, TEXAS GOVERNMENT CODE, ON

\_\_\_\_\_  
DATE

\_\_\_\_\_  
AT TIME

\_\_\_\_\_  
MELINDA WELSH, TRMC  
CITY SECRETARY

**\*\*All meetings of City Council are open to the public, except when there is a necessity to meet in an Executive Session (closed to the public) under the provisions of Section 551, Texas Government Code. The City Council reserves the right to convene into Executive Session to hear any of the above described agenda items that qualify for an executive session by publicly announcing the applicable section number of the Open Meetings Act.**

## FRIENDSWOOD CITY COUNCIL AGENDA ITEM FORM

This form should be completed and forwarded to the City Manager's Office as soon as possible prior to the first date that the item is expected to be placed on the Friendswood City Council agenda.

Date requested for City Council consideration: October 1, 2020

Date submitted: 9/15/2020

Prepared by: Glenda Faulkner, Executive Secretary

Subject: Ordinance No. T2020-41: First and Final reading of an ordinance ratifying provision for the levy and collection of ad valorem taxes of the City of Friendswood, Texas for the tax year commencing October 1, 2020 and ending September 30, 2021; providing the date on which such taxes shall be due and payable; providing for penalty and interest on all taxes not timely paid; providing for severability; and repealing all ordinances or parts of ordinances inconsistent on in conflict herewith.

Originating Department: Administrative Services

Degree of importance: Critical

### SUMMARY / ORIGINATING CAUSE

On September 14, 2020, the ordinance to adopt the tax rate proposed on August 3rd failed for lack of super majority affirmative vote. No special City Council meeting was held to adopt the tax rate prior to September 30th as required by Texas Property Tax Code and Truth-in-Taxation guidelines.

As a result, according to the Texas Property Tax Code and the Texas Truth in Taxation guidelines, the tax rate is set at the lower of the no-new-revenue tax rate (\$0.487314) or the City's current tax rate (\$0.521439) and the City's governing body must ratify the adopted rate by City ordinance before the 5th day after the tax rate is established.

Based on the Tax Code, as of September 29, 2020, the City's 2020 tax rate is set at the no-new-revenue tax rate of \$0.487314; comprised of the M&O rate at \$0.392152 and the debt service (I&S) rate at \$0.095161.

The ordinance on the October 1, 2020 Council meeting agenda ratifies adoption of the City's tax rate as prescribed by the Texas Property Tax Code.

### IMMINENT CONSEQUENCES / BENEFIT TO COMMUNITY

This action is required to comply with the Truth in Taxation guidelines regarding tax rate adoption.

### RECOMMENDATIONS

Staff recommends consideration of the required ordinance to ratify adoption of the 2020 tax rate.

### ATTACHMENTS

1. Ord 2020-41 Tax Rate Adoption (Record Vote)
2. FY21 Budget Presentation (Oct 2020)

**ORDINANCE NO. T2020-41**

**AN ORDINANCE RATIFYING PROVISION FOR THE  
LEVY AND COLLECTION OF AD VALOREM TAXES OF  
THE CITY OF FRIENDSWOOD, TEXAS, FOR THE TAX  
YEAR COMMENCING OCTOBER 1, 2020 AND ENDING  
SEPTEMBER 30, 2021; PROVIDING THE DATE ON WHICH  
SUCH TAXES SHALL BE DUE AND PAYABLE;  
PROVIDING FOR PENALTY AND INTEREST ON ALL  
TAXES NOT TIMELY PAID; PROVIDING FOR  
SEVERABILITY; AND REPEALING ALL ORDINANCES  
OR PARTS OF ORDINANCES INCONSISTENT OR IN  
CONFLICT HEREWITH.**

\* \* \* \* \*

**WHEREAS**, Section 26.05 (a) of the Texas Property Tax Code provides that before the later of September 30th or the 60<sup>th</sup> day after the date the City receives the certified appraisal roll the City Council shall adopt a tax rate for the current tax year; and

**WHEREAS**, such Section further provides that where the tax rate consists of two components (one which will impose the amount of taxes needed to pay the City's debt service and the other which will impose the amount of taxes needed to fund maintenance and operation expenditures for the next year), each of such two components must be approved separately; and

**WHEREAS**, Section 26.05 (c) of the Texas Property Tax Code provides that if the governing body of a taxing unit does not adopt a tax rate before the required date, the tax rate for the taxing unit is the lower of the calculated no-new-revenue tax rate for that tax year or the taxing unit's adopted tax rate for the preceding tax year. A tax rate established by Section 26.05 (c) is treated as an adopted tax rate; and

**WHEREAS**, the City of Friendswood tax year 2020 tax rate was not adopted by the required date of September 29<sup>th</sup>; and thus, the no-new-revenue tax rate was established as the adopted tax rate; and

**WHEREAS**, the adopted tax rate for the current tax year of the City of Friendswood, Texas, consists of two components, a tax rate of \$0.095161 for debt service and a tax rate of \$0.392152 to fund maintenance and operation expenditures; and

**WHEREAS**, all notices and hearings required by law as a prerequisite to the passage, approval, and adoption of this Ordinance have been timely and properly given and held;

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, STATE OF TEXAS:**

**Section 1.** The facts and matters set forth in the preamble of this Ordinance are found to be true and correct and are hereby adopted, ratified, and confirmed.

**Section 2.** There is hereby ratified and levied, for the tax year commencing October 1, 2020 and ending September 30, 2021, to fund the City's fiscal year 2020-2021 municipal budget, an ad valorem tax at the total rate of \$0.487314 on each One Hundred Dollars (\$100) of assessed valuation on all property, real, personal, and mixed, within the corporate limits of the City, upon which an ad valorem tax is authorized by law to be levied by the City of Friendswood, Texas. All such taxes shall be assessed and collected in current money of the United States of America. **THIS TAX RATE WILL GENERATE APPROXIMATELY THE SAME TAXES FOR MAINTENANCE AND OPERATIONS AS LAST YEAR'S TAX RATE. THE TAX RATE WILL NOT RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME TAXED AT THE SAME VALUE IN, BOTH, THE CURRENT AND PRECEDING TAX YEARS.**

**Section 3.** Of the total tax levied in Section 2 hereof, \$0.392152 is levied to fund maintenance and operation expenditures of the City for the fiscal year 2020-2021.

**Section 4.** Of the total tax levied in Section 2 hereof, \$0.095161 is levied for the purpose of paying the interest on bonds, warrants, certificates of obligation, or other lawfully authorized evidence of indebtedness issued by the City of Friendswood, Texas, including the various installments of principal due on the serial bonds, warrants, certificates of obligation, or other lawfully authorized evidence of indebtedness issued by the City, as such installments shall respectively mature in the fiscal year 2020-2021.

**Section 5.** All ad valorem taxes levied hereby, in the total amount of \$0.487314 on each One Hundred Dollars (\$100.00) of assessed valuation, as reflected by Sections 2, 3, and 4 hereof, shall be due and payable on or before January 31, 2021. All ad valorem taxes due the City of Friendswood, Texas, and not paid on or before January 31<sup>st</sup> following the year for which they were levied, shall bear penalty and interest as prescribed in the Texas Tax Code.

**Section 6.** In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of Friendswood, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

**Section 7.** All ordinances and parts of ordinance in conflict herewith are, to the extent of such conflict, hereby repealed.

**PASSED, APPROVED, AND ADOPTED on first and final reading this 1st day of October, 2020.**

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Mike Foreman  
Mayor

ATTEST:

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Melinda Welsh, TRMC  
City Secretary

**RECORD VOTE:**

| <b><u>COUNCIL MEMBER:</u></b> | <b><u>VOTED FOR</u></b> | <b><u>VOTED AGAINST</u></b> |
|-------------------------------|-------------------------|-----------------------------|
| MIKE FOREMAN, MAYOR           | _____                   | _____                       |
| STEVE ROCKEY                  | _____                   | _____                       |
| SALLY BRANSON                 | _____                   | _____                       |
| TRISH HANKS                   | _____                   | _____                       |
| ROBERT J. GRIFFON             | _____                   | _____                       |
| JOHN H. SCOTT                 | _____                   | _____                       |
| BRENT ERENWERT                | _____                   | _____                       |

# CITY OF FRIENDSWOOD

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## Fiscal Year 2020 – 2021 Budget



# Revenues Across All Funds

- **Variable Revenues – 80%**

- Consumption based
  - Sales tax
  - Permits
  - Charges for service (i.e. utility bills)

- Voter approved bonds

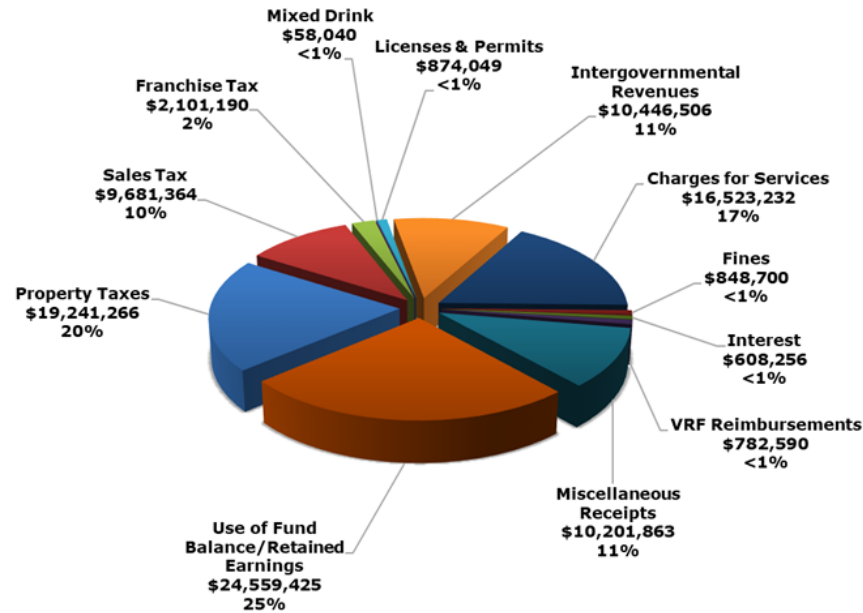
- Grants

- **Non-variable\* – 20%**

- Property Taxes

- Operations and Maintenance – 81%
- Debt Service – 19%

FY21 REVISED Budget Revenues  
\$95,926,481  
(all funds)

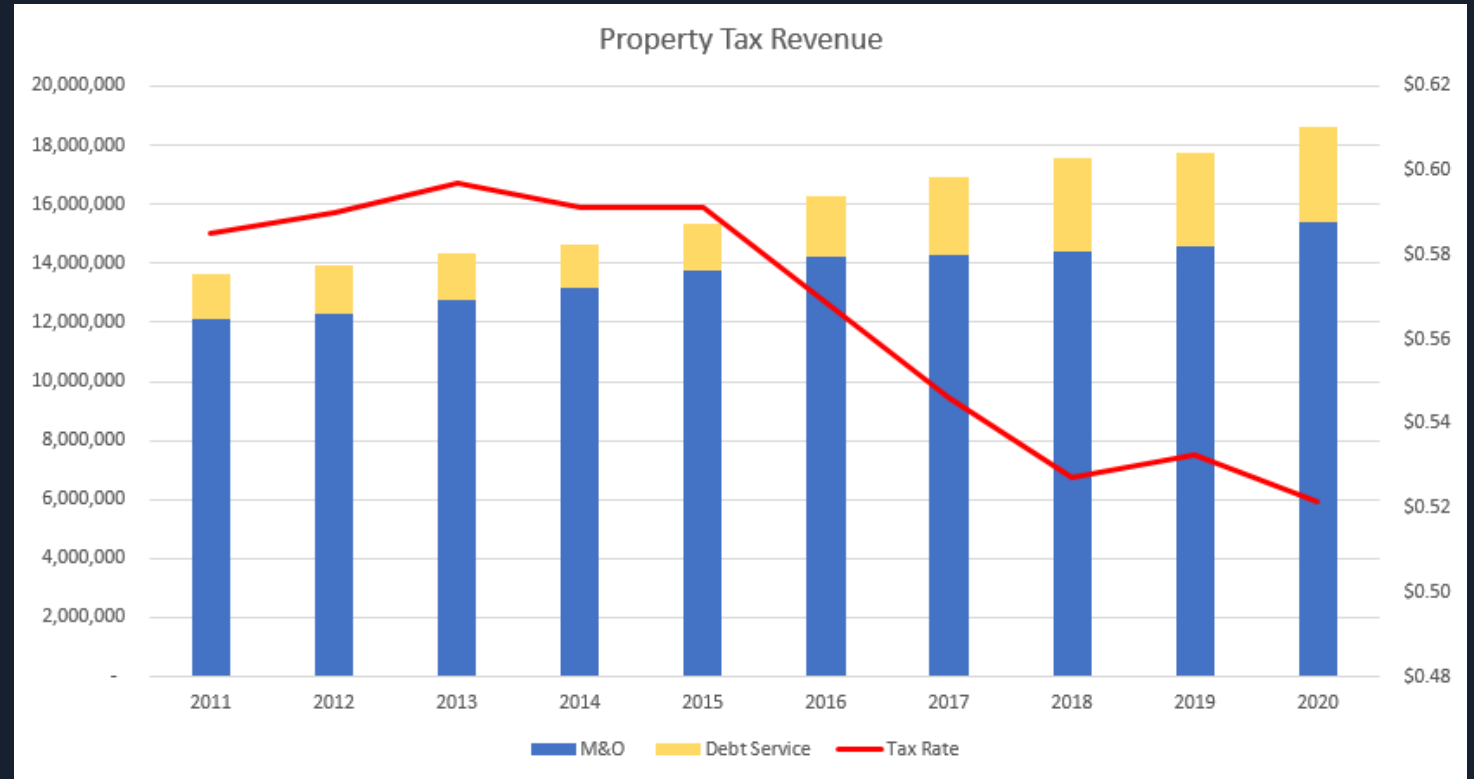


October 1, 2020

*\* Even property tax revenue fluctuates based upon protests and reevaluations*

# Property Tax Growth

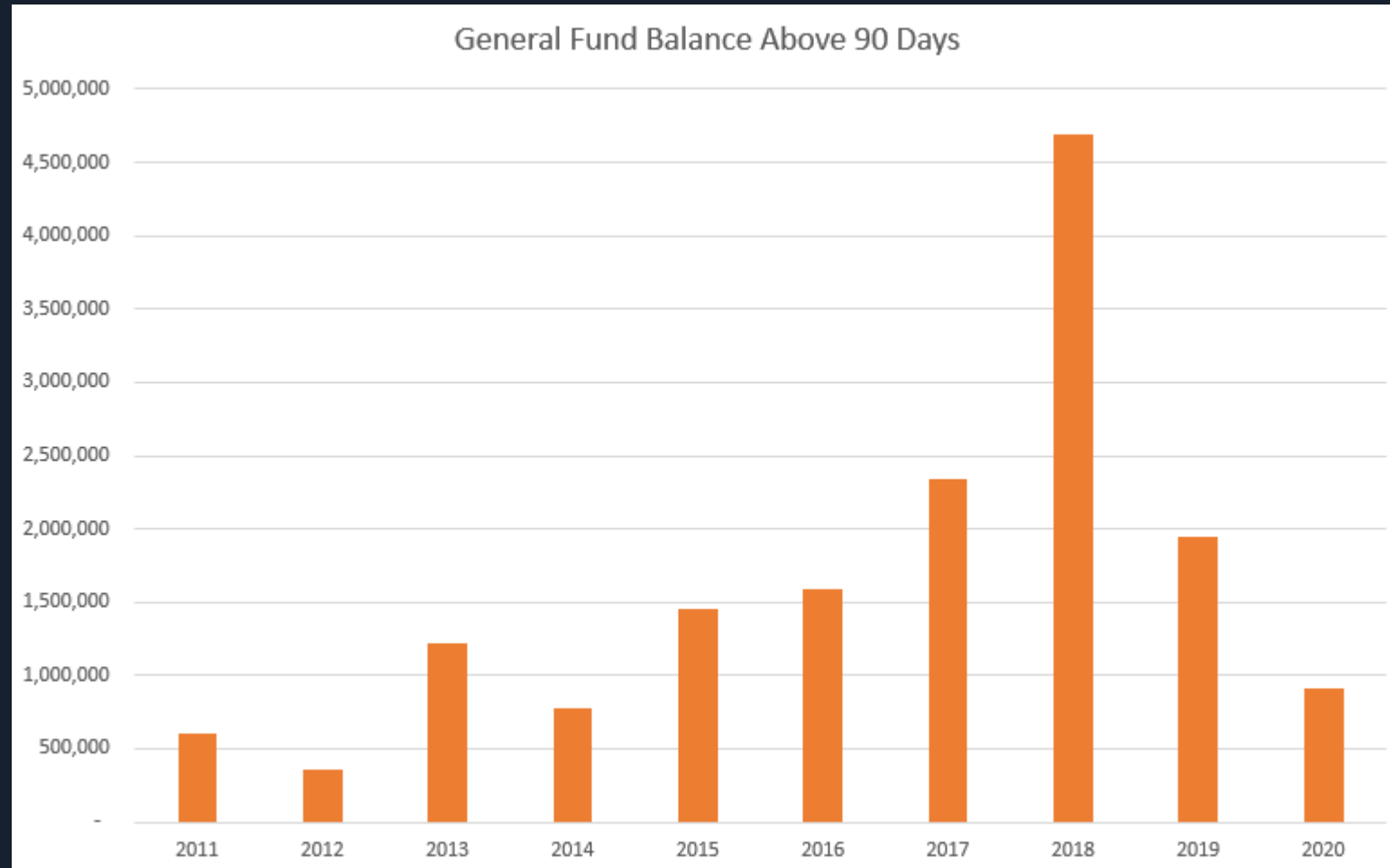
- 7 out of the last 12 years, adopted the ETR\* or less
- Population Growth 12.5% over the last 10 years
- 27.5% growth in M&O over the last 10 years
- 59.6% average growth in the demand for services over the same period



October 1, 2020

\* Effective Tax Rate or the No New Revenue Tax Rate  
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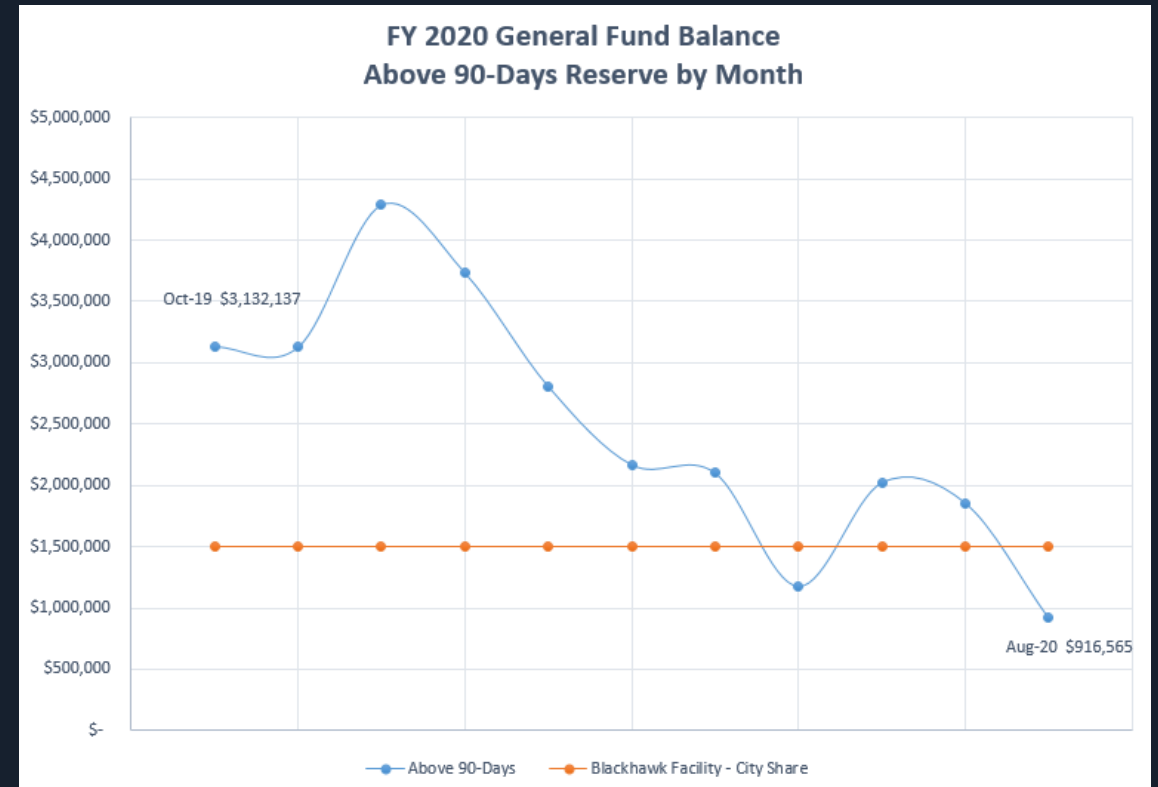
# General Fund Balance



October 1, 2020

# General Fund Balance

- **Fluctuations due to:**
  - One-time Capital Expenditures
    - \$500K for streets above 3/8<sup>th</sup> cent sales tax
  - Unexpected Expenditures
    - Damage to City equipment/facilities less insurance reimbursements
    - Emergency repairs (i.e. San Joaquin Bridge)
    - PW Software, Engineering for Whitcomb Study, LC Lower Clear Creek Study, etc.
    - Economic Development Incentives
  - Matching Dollars for Grants, CDBG Round 1
  - Advanced Funding for Bond Projects and Grants



**\$2.3M set to reimbursed, but when?**



# Efficiencies and Operational Reductions

| Original Proposed FY21 Budget                                                                              | Revised FY21 Budget – Additional Efficiencies                                                            |
|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Transfer of one position from CSO to Engineering                                                           | Reduction of City Manager's salary                                                                       |
| Retain vacancy of two Police Officer positions                                                             | Elimination of Economic Development Coordinator position                                                 |
| Reduced non-personnel expenditures \$242K on the General Fund side                                         | Elimination of ASO Admin Assistant position                                                              |
|                                                                                                            | Reduction of Travel and Training expenditures                                                            |
| <i>Additional \$500K for streets already funded by Fund Balance (not included in Savings figure below)</i> | Revise funding for BAHEP, Chamber, Historical Society, HCMCA, and GCMCA to come from <i>Fund Balance</i> |
| <b>Savings: \$489,892</b><br><b><i>With Streets: \$989,892</i></b>                                         | <b>Savings: \$391,134</b>                                                                                |

**Total savings to the Tax Rate due to efficiencies: \$881K**



# Questions

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