

**MINUTES OF THE SPECIAL MEETING OF THE
CITY COUNCIL OF THE CITY OF FRIENDSWOOD
AUGUST 29, 2022**

THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD MET IN A SPECIAL MEETING ON MONDAY, AUGUST 29, 2022, IN THE COUNCIL CHAMBERS, FRIENDSWOOD CITY HALL, LOCATED AT 910 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS, WITH THE FOLLOWING MEMBERS PRESENT CONSTITUTING A QUORUM:

TRISH HANKS	COUNCILMEMBER
STEVE ROCKEY	COUNCILMEMBER
SALLY BRANSON	COUNCILMEMBER
ROBERT J. GRIFFON	COUNCILMEMBER
JOHN SCOTT	COUNCILMEMBER
BRENT ERENWERT	MAYOR PRO TEM
MIKE FOREMAN	MAYOR
MORAD KABIRI	CITY MANAGER
KAREN HORNER	CITY ATTORNEY
LETICIA BRYSCH	CITY SECRETARY

1. CALL TO ORDER

Mayor Foreman called the meeting to order with a quorum present at 5:30 P.M.; all members were present with the exception of Councilmember Scott who was absent.

2. INVOCATION

The invocation was led by Deacon Chuck Turner , Mary Queen Catholic Church.

3. PLEDGE OF ALLEGIANCE

Mayor Foreman led the Pledge of Allegiance of the United States and State of Texas.

4. COUNCIL COMMENTS AND REPORTS

Councilmember Branson stated that this upcoming weekend is a big one for the Historical Society as they will be reopening the museums for the first time since March 2020 because of COVID. So, Saturday from 10:00 a.m. to 2:00 p.m., both the Perry Home and the Brown Home will be open. Additionally, on Monday, a week from today, the KFB, FDFA, the Historical Society, and the Rotary National Art Honors Society are all getting together and putting on an ice cream social for the community from 5:00 to 7:00 p.m.

5. PUBLIC COMMUNICATIONS

Jason Cantrell requested to speak before the Council and stated that in these difficult economic times, he wanted the Council to consider other options other than to raise the property tax, and they included:

- Instead of having a balanced budget, cut reduce expenditures,
- Provide tax relief by decreasing the tax rate through decreases to multi-million-dollar projects,
- Rejecting and/or delaying projects until there is a larger sense of prosperity in the nation, and/or
- Reversing course on some of the services and only provide basic services.

6. CITY OF FRIENDSWOOD FY2022-23 PROPOSED BUDGET

A. Conduct a public hearing regarding the Proposed Fiscal Year 2022-2023 Municipal Budget for the City of Friendswood.

At 5:38 P.M., Mayor Foreman called to order a public hearing regarding the Proposed Fiscal Year 2022-2023 Municipal Budget for the City of Friendswood. Mayor Foreman stated that the public hearing was being held for the purpose of giving all interested persons the right to express their views regarding the Friendswood FY2022-23 Proposed Budget. He noted that everyone desiring to be a part of the hearing should have signed the list in the foyer. Participants were given five minutes to present their information before the Council.

Mayor Foreman asked staff to give the Council an overview of the item being presented.

City Manager Morad Kabiri stated that staff had prepared a presentation regarding this item and would present the information at the Council's discretion. He noted that the information is the same as what was presented earlier in August, as well as at the July meeting, with only minor changes which included the adjustment of the part-time positions in the Police Department to fund an additional police officer as well as some adjustments in revenues and expenditures being \$114.2 million respectively.

Staff answered questions and concerns of the Council including:

How much money is there over the 90-day reserves and how are the unused funds over said reserve being used or going to be used.

Mr. Kabiri noted that in every City Council meeting, staff has brought forth budget amendments to cover the costs of projects and capital expenditures that are needed, to include the Public Safety Building (PSB) and the Fire Station projects, the funds used for these types of items are those in fund balance. He noted that at this time, he could not anticipate what uses of the fund balance will take place beyond what has been designated so far; and further noted that until the City is reimbursed for the grant funds related to the Buyout Mitigation Projects, the City will be short \$247,000 below its required emergency reserve; i.e. 90-day reserve.

Director of Administrative Services Katina Hampton further clarified that when staff closes out the year, any unexpended funds in the existing budget roll into fund balance. She further noted that those funds that have been designated for capital projects that have already been funded in the existing year, but were not expended, will roll into the next year's budget as prior year encumbrances. Therefore, of the proposed fund balance, \$4.5 million will be encumbered in the City's first budget amendment in order to re-appropriate those funds for the projects that have already been approved by the Council.

Ms. Hampton stated that specifically, on Page 70 of the budget document, the third column, Council could see the City's total encumbrances, right before the total expenditures of \$3.7 million. She noted that those encumbrances are made up of purchase orders that have either been issued or appropriated for various capital projects that have not yet been finished and won't be finished at the close of this fiscal year. As such, those monies will roll into fund balance as unencumbered capital, and then, at the start of next fiscal year, the Council will re-appropriate those funds to their designated projects via a budget amendment.

Is there penalty for cities that go over into the next year with outstanding purchased orders (POs).

Ms. Hampton stated that there is no penalty, necessarily, but noted that if the City has designated funds or has signed contracts, but have not received invoices by September 30th, those funds will roll into fund balance in the General Fund and working capital on the Water Sewer Fund and those then have to be re-appropriate in order to pay those vendors that the City has an obligation to pay.

Does the City have a plan or special fund to help the City maintain or plan for needed employees, particularly in this difficult labor market, particularly for public safety.

Mr. Kabiri stated that typically, the City doesn't budget for positions that are not funded because at any given time, if the City is fully staffed, then it runs the risk of expending more revenue than actually collected, which is problematic. He noted that the City cannot have a negative budget and the only way to build up a surplus is to set aside funding either in revenue streams, sales tax, and property taxes to fund these positions. Mr. Kabiri noted that staff tried to keep the money coming in to match exactly what goes out. He further noted that over the last 15 years, nine of those years, the Council has adopted the no new revenue rate or less, which basically says that the City will bring in the same amount of money or less. For six of the last fifteen years, the Council has issued debt that the voters said they wanted in order to tackle certain projects. So, the voter said yes, raise our taxes, because we believe that these projects are worthy of the tax rate that would be necessary to fund them. As such, the City does not have much of a margin to build that surplus, but if the Council is willing, the staff will look into setting aside half a penny or a full penny in future years, in order to have a surplus dedicated to the hiring of additional officers as the need arises, but this would have to be the collective will of the Council.

Mayor Foremen stated that public safety is very important, and staff is planning to talk to the Chief and key stakeholders to make a plan that ensures that the City's number of peace officers is staying in the range that it needs to be in order to keep the City's excellent safety record.

Mayor Foreman stated that he had a number of people signed up to speak on this item and the included:

1. Zach Stafford and his daughter Zoe Stafford stated that he wanted to request that the Council decline the proposed budget in order to eliminate a tax increase and work to reduce costs in order to ensure that those families living in Friendswood do not have to downsize their participation in memberships and contributions to important causes.
2. Jason Cantrell reiterated his comments from the public comment portion of the meeting and asked the Council to reject the proposed budget and start over to reduce the costs associated with the multi-million-dollar decisions included in the proposed budget.
3. Connie Ratisseau stated that she asked the City to reduce its spending and adopt the no new revenue rate of \$0.4574.

With there being no one else who desired to speak on this item, Mayor Foreman closed the public hearing regarding the Friendswood FY2022-23 Proposed Budget at 6:05 P.M.

B. Discuss and take action concerning the City of Friendswood's Proposed FY2022-23 Municipal Budget.

City Manager Morad Kabiri presented the item and stated that the proposed budget was presented to Council back in August. Since then, the projected revenue amount was reduced to \$114.2 million with expenditures remaining the same at \$114.2 million. In terms of tax revenue, property tax revenue is still sitting at a delta from last year to this upcoming year of \$1.8 million. Contract services has gone up \$1.4 million, Fire and EMS has gone up \$253,000, and the cost of the City's debt service has gone up to \$200,000. Mr. Kabiri stated that all of these costs are obligations that the City made previously via contracts that the City cannot backout without running the risks of potentially getting sued for not meeting our obligations. Staff is open to discuss any service that the Council would like to reduce; such as lawn mowing which has come up in the past; however, while we can scale back the frequency with which those things are done, the City does not have the resources to handle these services in-house.

Councilmember Rockey asked what the proposed tax rate in the proposed budget was, to which Mr. Kabiri responded \$0.4873 and further noted that over the last three fiscal years, the City's debt service has gone up \$1.3 million, so outside of the voter approved debt, the tax rate would be three cents less than it is now. Councilmember Rockey stated that he felt that the citizens had tasked the Council with the responsibility of making sure that the city can provide the basics as well as those items that people want to have and enjoy in the community. He noted that this budget had been extremely difficult for everyone, and yet it had met the responsibility of providing for needs and services of the citizens while working to keep the City's employees which are hugely qualified.

Councilmember Hanks stated that as a lifelong educator and a retired person she was very sympathetic and empathetic about the cost of inflation. She further noted that this budget required hard choices to be made, but after having lived in this community for nearly 40 years, she believed that reducing the City's amenities and beautification would be a derelict in our duties, so she would be supporting the proposed budget.

Councilmember Branson stated that the costs of running the city, much like those in our own home budgets are increasing, and she would be supporting the proposed budget as it tries to not increase but maintain, which is the right thing to do.

Councilmember Griffon stated that he had looked at the proposed budget closely, and there are obligations in there that the City has to pay, parks and utilities that have to be maintained and services that must be provided such a public safety, so there is nothing in the budget that can be cut without causing other issues. He further noted that he would be supporting the proposed budget and thanked the Finance staff for all of their hard work.

Mayor Pro Tem Erenwert stated that he appreciated everyone's comments and agreed that costs, rates and tax values are going up, which has impacted homes, businesses and even the city, and while no one likes it, we do have to deal with it and really focus on the City's needs versus wants. He noted that he felt that proposed budget did just that and stated that he would be supporting the budget as well.

Mayor Foreman thanked the citizens that came out to the public hearing to speak on the item and called for a motion on this item.

A motion was made by Councilmember Rockey and seconded by Councilmember Hanks approving an ordinance adopting the City of Friendswood's Municipal Budget for Fiscal Year 2022-23, which includes revenue projections of \$114,223,823 and expenditure appropriations totaling \$114,223,823. The vote was the following:

Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Steve Rockey, Councilmember Sally Branson, Councilmember Robert J. Griffon, and Mayor Pro Tem Brent Erenwert.

Nays: None.

Other: Councilmember John Scott (absent)

The item passed.

7. ADJOURNMENT

A motion was made by Councilmember Branson and seconded by Councilmember Hanks adjourning the August 29, 2022, City Council Special Meeting. The vote was the following:

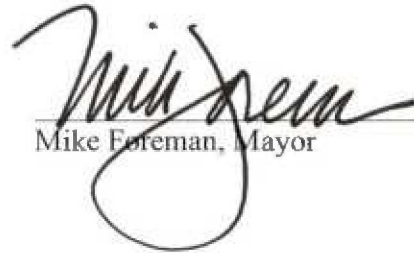
Ayes: Mayor Mike Foreman, Councilmember Trish Hanks, Councilmember Steve Rockey, Councilmember Sally Branson, Councilmember Robert J. Griffon, and Mayor Pro Tem Brent Erenwert.

Nays: None.

Other: Councilmember John Scott (absent)

The item passed.

With there being no further business to discuss, Mayor Foreman adjourned the August 29, 2022, City Council Special Meeting at 6:21 P.M.


Mike Foreman, Mayor

Attest

Leticia Brysch, City Secretary

