**MINUTES OF THE SPECIAL MEETING OF THE**
**CITY COUNCIL OF THE CITY OF FRIENDSWOOD**
**JUNE 17, 2023**

THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD MET IN A SPECIAL MEETING ON SATURDAY, JUNE 17, 2023, IN THE JOYCINA BAKER CONFERENCE ROOM, LOCATED IN THE FRIENDSWOOD PUBLIC LIBRARY, 416 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS, WITH THE FOLLOWING MEMBERS PRESENT CONSTITUTING A QUORUM:

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|---|---|
| Steve Rockey | Councilmember |
| Sally Branson | Councilmember |
| Trish Hanks | Councilmember |
| Robert J. Griffon | Councilmember |
| Joe Matranga | 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 8:00 A.M.; all members were present.

## 2. INVOCATION

The invocation was led by City Manager Morad Kabiri.

## 3. PLEDGE OF ALLEGIANCE

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

## 4. PUBLIC COMMENT

No one signed up to speak.

## 5. DISCUSSIONS

### A. Receive and discuss current and future City operations, plans, budgets, and goals for the City of Friendswood.

City Manager Morad Kabiri presented the item and stated that there were three main items for discussion, (1) the election of the Mayor Pro Tem and Council Board Liaison assignments, (2) the future of Emergency Medical Services (EMS) in Friendswood, and (3) the proposed FY2023-24 Municipal Budget.

Councilmember Rockey gave a brief overview of the selection process for the Mayor Pro Tem and noted that it typically goes to the longest serving councilmember who has not held the position yet. However, in this particular instance, the councilmember that would meet these criteria just got elected in May, and probably needed more time to experiencing and learning the City Council process before taking on additional duties. Mayor Foreman nominated Councilmember Rockey as the next Mayor Pro Tem because this was his last year on the Council, as he is term limited. The Council consensus was to place the election of the Mayor Pro Tem on the July 10th Council meeting agenda for action.

Mayor Foreman presented the draft assignments for the council liaisons to the City's boards and commissions. The Council reviewed and discussed the item briefly and move the following assignments forward for action on the July 10th Council meeting.

| COUNCILMEMBER | COMMITTEE |
|---|---|
| Robert Griffon (Primary)<br>Trish Hanks (Alternate) | Clear Creek Watershed Steering Committee |
| Sally Branson (Primary)<br>Brent Erenwert (Alternate) | Community & Economic Development Committee |
| Brent Erenwert (Primary)<br>Joe Matranga (Alternate) | 4th of July Steering Committee |
| Robert Griffon (Primary)<br>Trish Hanks (Alternate) | Galveston County Consolidated Drainage District |
| All City Council Members | Galveston County Mayors' & Councils' Association |
| Mike Foreman (Primary)<br>Steve Rockey (Alternate) | Gulf Coast Authority |
| Sally Branson (Primary)<br>Mike Foreman (Alternate) | H-GAC |
| All City Council Members | Harris County Mayors' & Councils' Association |
| Trish Hanks (Primary)<br>Brent Erenwert (Alternate) | Keep Friendswood Beautiful |
| Trish Hanks (Primary)<br>Sally Branson (Alternate) | Library Board |
| Joe Matranga (Primary)<br>Trish Hanks (Alternate) | Planning & Zoning Commission |

| COUNCILMEMBER | COMMITTEE |
|---|---|
| Robert Griffon (Primary)<br>Mike Foreman (Alternate) | Senior Citizens Advisory Committee |
| Joe Matranga (Primary)<br>Steve Rockey (Alternate) | Zoning Board of Adjustment & Appeals |

Fire Marshal Brian Mansfield presented the next item and noted that the City's EMS service is currently contracted with the Friendswood Volunteer Fire Department (FVFD). He stated that in the last few years, EMS has gone from being a volunteer system to paid staffing and had successfully implemented billing services, and now staff, in conjunction with the FVFD, is assessing the steps needed to bring the EMS services into the City.

Marshal Mansfield stated that the FVFD has provided the City with 51 years of dedicated service, but it was not until 2004, that the City entered into its first contract with them for fire and EMS services. In 2017, the City solicited request for proposals for fire and EMS services, which was awarded to the FVFD, and in 2019, staff and the FVFD entered into a 5-year contract and started the billing process. This is the last year of the 5-year contract that is set to expire on October 1, 2023. The terms of said contract are the following:

FVFD is responsible for:

- providing manpower,
- operating two 24/7 ambulances,
- providing all licensed and trained personnel,
- state license, and
- providing general maintenance.

In turn, the City:

- owns all equipment and facilities,
- provides for major maintenance,
- provides IT infrastructure and services, and
- owns contract for medical billing.

Marshal Mansfield discussed the drivers for the change, i.e., bringing EMS into the City, which included:

- An increasing call for service that impacts the required staffing and the need for another ambulance to cover the service area without relying heavily on Mutual Aid Calls to surrounding cities.

- The reliance on part-time employees that already have other full-time jobs results in staffing shortages, multiple call-backs and places strain on existing staff when others cannot come in due to illnesses or emergencies.

- The volunteer system is not as strong or as large as it was in the past, and with the increase in callouts and the need to retain trained and license paramedics has resulted in the EMS side of the FVFD being priority versus the firefighting side of the operation that remains fully volunteer; this then puts a strain on the volunteers and the FVFD leadership.

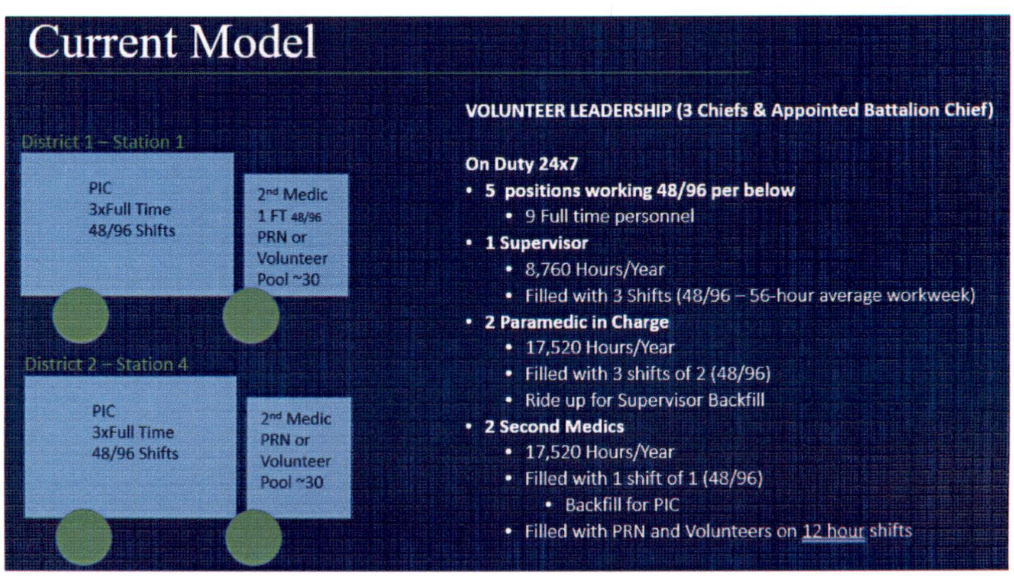
- The funding for the EMS staffing and services has not increased to meet the increase in call volume and the current pay is below market value so it must keep medics part-time; and the costs for having an employee part-time versus full-time is the same because the licensing and certification required for them to work is the same.

Marshal Mansfield gave a history of the EMS annual call volume:

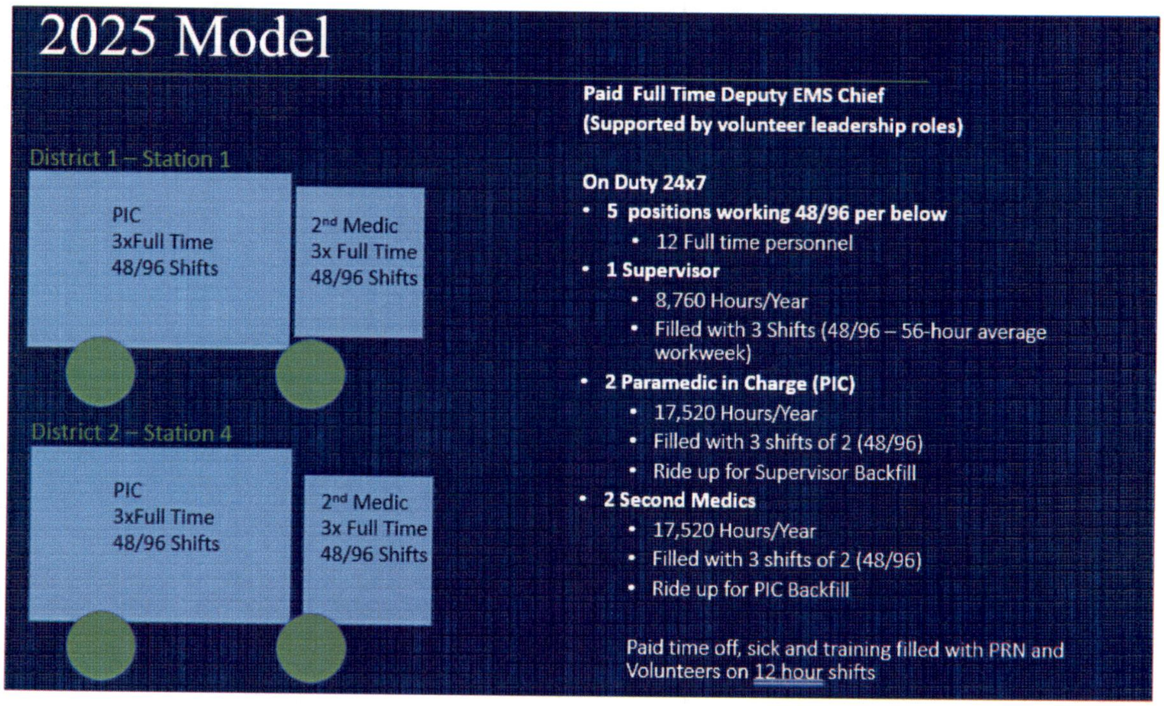
- FY 2019 (Old Contract) – 2388 calls
- FY 2020 – 3129 calls
- FY 2021 – 3678 calls
- FY 2022 – 3641 calls
- FY 2023 – 3500 est. calls.

He further outlined a what a regular day at the station would look like and noted that with 3,641 calls for service a year results in 10 daily calls (5 calls per unit), with an average time in the field being 84 minutes for an average transport and 27 minutes for a non-transport call; leaving an average return to service from a transport call as 90 minutes for a transport call and 30 minutes for a not-transfer call. Marshal Mansfield noted that with the increase in calls, medics are spending more time on calls, leaving little down time as they also have regular station duties, and all the while, these individuals still have other jobs and families. Mr. Kabiri noted that as the City's population has aged, there is an increase in calls for medical services, particularly from the nursing homes in the area.

Marshal Mansfield outlined the City's current EMS model as follows:



Marshal Mansfield also presented the Council with the proposed EMS model which would be in place in 2025:




The Council discussed the various types of Fire and EMS services provided in neighboring cities.

Mr. Kabiri noted that if the EMS was to be brought into the City, it would impact the budget being considered this year, as it creates the EMS Chief in the Fire Marshal's Office that would lead the transition of these services from volunteer into the City and would be an operational cost included in City's General Fund budget. The proposed plan for the Council's consensus included:

- EMS becoming a City Department October 2024,
- Paid leadership starting October 2023,
- Continuing to watch trends to stay ahead,
- Leveling out tax burden, and
- Supporting the doubling of FT personnel.

Additionally, in the next five years, the plan included:

- Converting Part-Time to Full-Time,
- Having Three (3) ambulances and one on stand-by, and
- Additional paid leadership.

The estimated costs for this plan the next five years were estimated as follows:

- FY2024 - $2,209,690

- FY2025 - $2,709,194 and
- FY2028 - $3,856,182.

Councilmember Rockey stated that he is supportive of moving forward with the transition plan and noted that the services provided in Friendswood is unparalleled and wanted to maintain that high level of services.

Councilmember Hanks stated that Friendswood has the reputation of being of service and EMS is just an extension of that wonderful tradition. She noted they needed to maintain that service to the citizens of Friendswood.

Mayor Pro Tem Erenwert stated that he liked the accountability piece in the plan and encouraged staff to bring in as many of the existing EMS personnel as possible, so they can continue to serve the community.

Councilmember Branson stated that she agreed with the statements of the Council and wanted to maintain the high level of trust that the EMS currently has and felt the transition would allow for that accountability.

The Council's consensus was to move forward with the EMS transition plan as submitted. The Council thanks the FVFD staff and volunteers for their amazing service to the community.

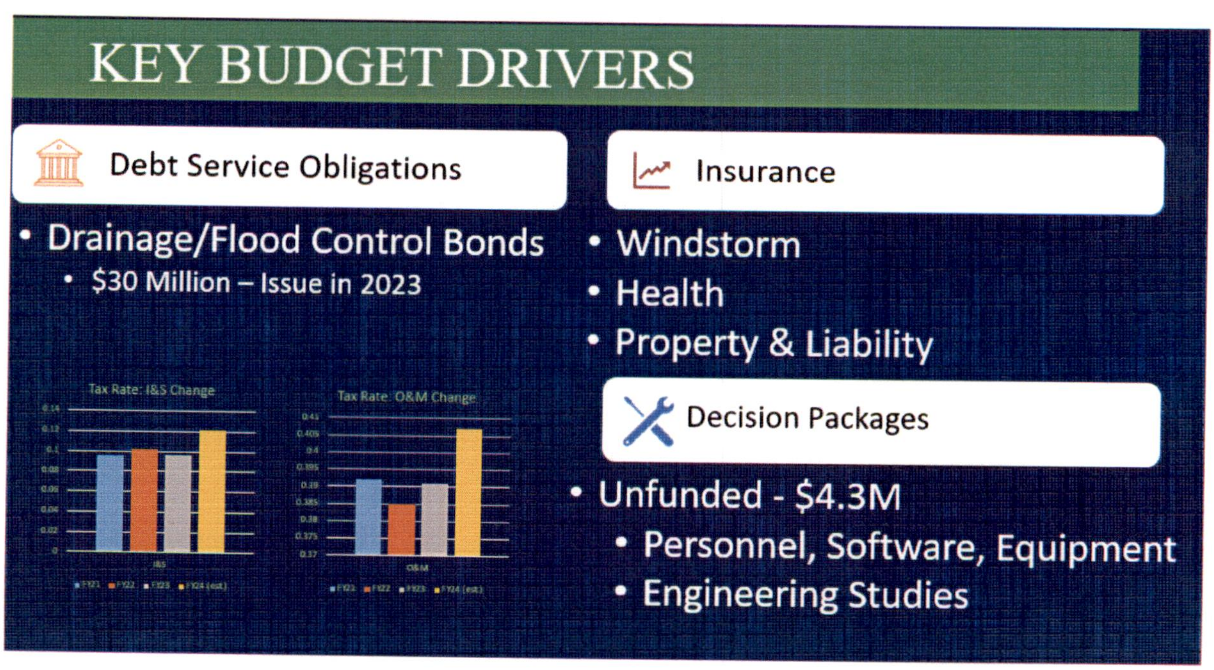
At 9:04 a.m. Mayor Foreman recessed the meeting.

At 9:17 a.m. Mayor Foreman reconvened the meeting and called for the next discussion item.

Ms. Katina Hampton, Director of Administrative Services, presented the Council with an overview of the City's FY 2023-2024 preliminary proposed budget for the General Fund and the Water and Sewer Fund. Ms. Hampton began the presentation by noting that the numbers included in the proposed budget are very preliminary as the City has not yet received the appraisals from the counties, and would therefore, change as they moved through the process and would deliver them a balanced budget by August 1st, as required by the City's Charter.

Ms. Hampton gave an overview of the key points that are driving the budget, and that includes the state of the economy and inflation, which is driving up the costs of utilities, fuel, diesel, and electricity that impacts the City directly. As the City's vendors and service providers are seeing their costs go up, which translates to higher costs to the City for contract services, such as janitorial, mowing, leases, etc. She also noted that the City is seeing an increase across the board for bids and RFPs, which are coming in much higher than projected. Ms. Hampton stated that staff continues to review household and economic trends in order to create the estimated costs, so while they do the best when creating these projections, depending on the economic climate on any given day, these could change.


Ms. Hampton stated that the next largest budget driver is the City's debt service, which are payments related to the City's issuance of bonds. She stated that the debt service is for $52 million, as approved by the voters in 2019, and noted that they had just recently approved moving forward with the sale of the last $30 million, which is included in the proposed budget and will require a tax increase, about 2.3 cents. Mr. Kabiri noted that the City has already entered into multiple interlocal agreements in order to complete the drainage projects approved by the citizens in 2019, and this issuance is needed to cover existing financial commitments; such as the Whitcomb property project.



Ms. Hampton also noted all of the City's insurance rates are increasing; however, are not sure as to how much. As it relates to bond project impacts and grant project impacts, there is a projected operational budget increase in overhead costs for utilities and contract services of $143,000 from last year's amounts.

The decision packages being presented to the Council in July are really forces at work that relate to the addition of personnel, software upgrades or increases, and equipment; the remaining decision packages were left unfunded. The decision packages that did not make it into this year's budget had an estimated total amount of $4.3 million. Ms. Hampton also noted that the decision package did include a 2.75% merit-based increase to help employees cover the costs of increases to living expenses. This is a $708,000 increase to the budget with $625,000 being in the General Fund and $83,000 being in the Water Sewer Fund. Mr. Kabiri noted that the City does not give staff a cost of living adjustment and instead provides merit increases, so those employees that do not do their job, do not get the increase.

Council requested to see the list of decision packages, those that are forces at work and those that were not funded. Councilmember Matranga asked for a list of the top five items that are forces at work that could be postponed and the top five items on the list of decision packages that were not included but could be done in the upcoming budget.

Councilmember Griffon request a breakdown of the costs of the bonds and the actual amount or cents that are required to increase in the tax rate.

Councilmember Rockey requested that staff review what the City would need to forgo if the tax revenue increase is not approved.

Councilmember Hanks requested that based on this analysis, staff create a sheet showing what would need to be cut from operations and services without the tax increase, and noted that it is important to maintain the quality of life and services that citizens have come to expect from the City.

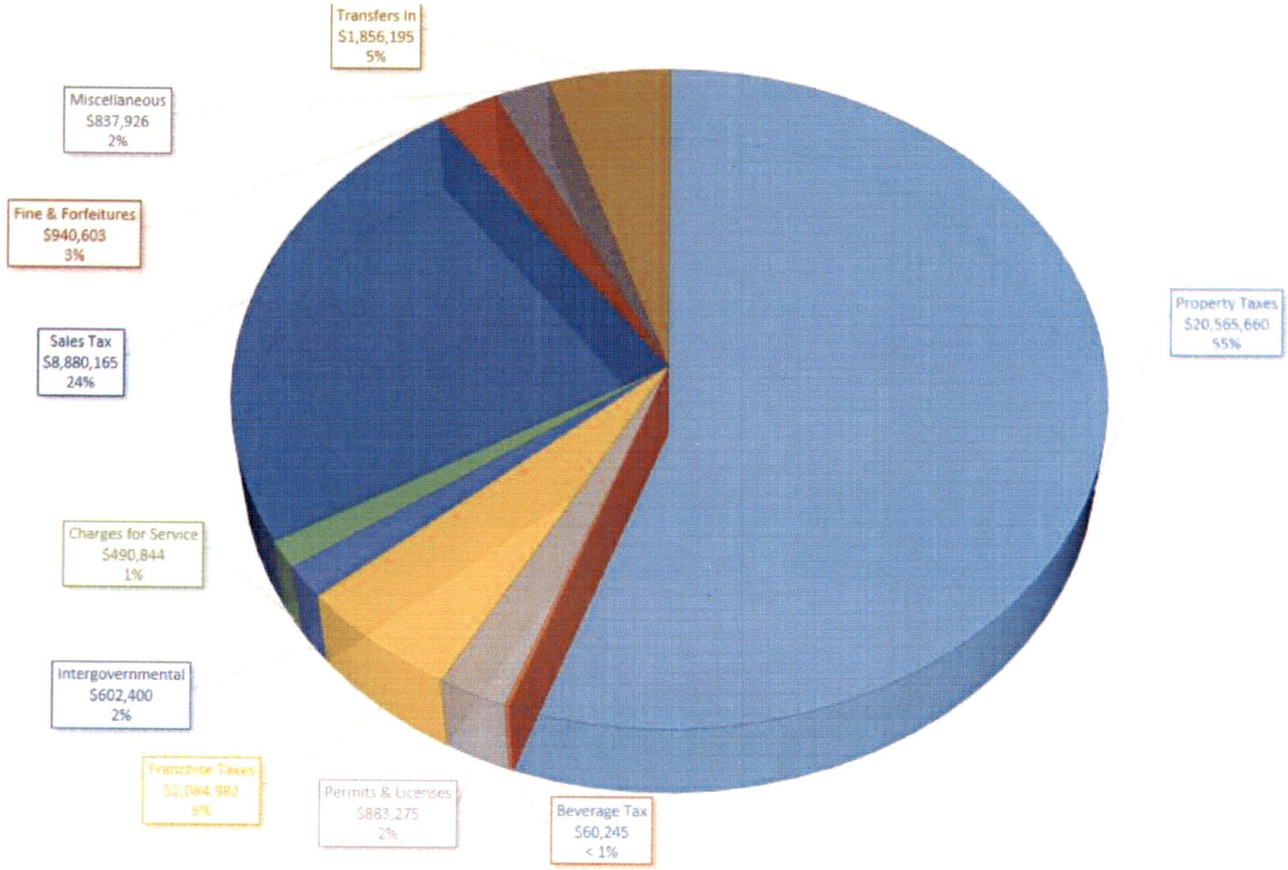
Mayor Pro Tem Erenwert stated that he did not want to begin losing good staff to other cities or industry.

Mr. Kabiri stated that staff would work on the requested exercise and bring it back to Council. He further noted that while the City is not losing staff to other cities, it has lost staff to other industries that pay much more and noted that the merit increases are there to show employees that they are valued and to stay competitive.

Ms. Hampton gave the Council an overview of the General Fund and stated that its revenues are projected at $37.2 million using the current tax rate, and noted that the majority of the City's revenue comes from property taxes, which is a little over $20 million. This is an increase from last year of about $2 million. Other revenue sources include sales tax of a little under $9 million and other miscellaneous items.

Councilmember Rockey asked that the staff look into implementing the HOT tax now that there will be a hotel in the City. Mr. Kabiri stated that staff is already working on that item and would be bringing that forward to Council with the budget. However, Mr. Kabiri noted that the HOT taxes are restricted funds that can only be used for the "heads in beds" initiative, which is the promotion of local events that will bring people to the City to use the hotels.

Ms. Hampton showed the Council the following chart illustrating the breakdown of the funds revenues:



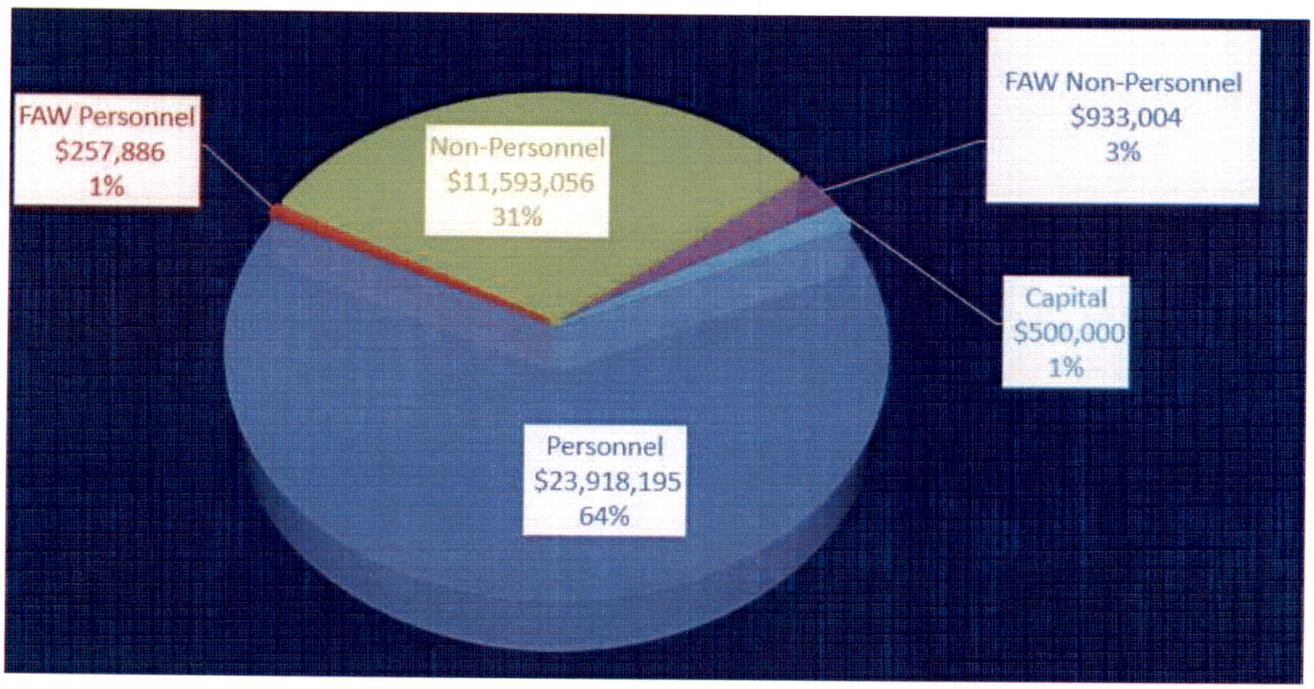

Ms. Hampton stated that the preliminary budget is being composed using a proposed tax rate of $0.5294, which is 20/21 incremental rate provision utilized, and is four of about 10 cents that the City can use in voter-approved unused increments. She further noted that the estimated taxable value is $5.0 billion which is an increase of $350 million, and includes new construction, exemptions, and the over 65 freeze ceiling values. She further noted that staff is estimating $110 million in new construction value, $200 million in property values that are currently under protest, and $6.1 million in tax debt service obligation, which is up an additional $1.6 million.

Mr. Kabiri stated that the current tax rate is 48 cents, and the City has a voter approved maximum rate of 58 cents. Council was reminded, when the 2019 Bond Program was being considered, voters were told the City's overall tax rate could increase anywhere from 5 to 10 cents in order for the City to complete certain drainage and infrastructure improvements, which are being done. However, staff has done such a good job of absorbing the costs of these projects in the existing budget without having to raise the taxes, that it seems like a big increase now, but in reality, these costs have been absorbed at the expense of the City's operations and maintenance budget that can no longer be sustained. Mr. Kabiri further noted that the recommended tax increase of 4 cents is only to cover the debt service for the voter approved already existing projects and related Council approved interlocal agreements.

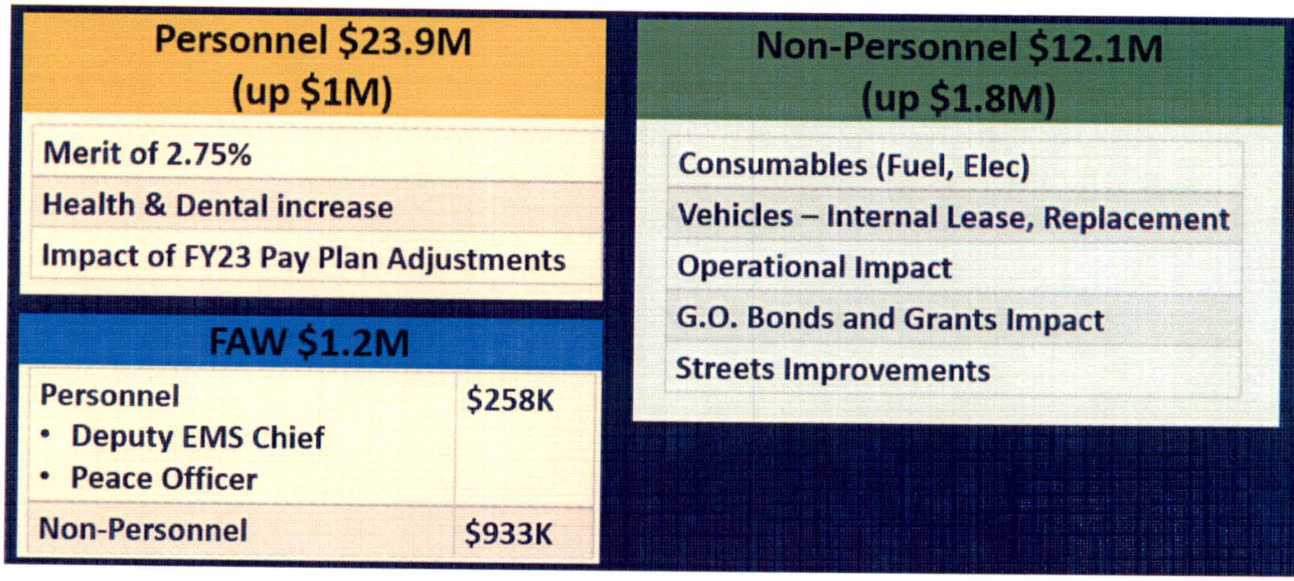
The Council requested that the PPT be sent to them after the meeting.

Ms. Hampton gave the Council and overview of the preliminary expenditures in the General Fund, which she estimated at $37.2 million, with 64% of the proposed expenditures being related to personnel costs, 31% is non-personnel expenditures, 3% is forces at work – non-personnel, 1% forces at work for personnel, and 1% is related to capital purchases and is inclusive of the $500,000 for street improvements.

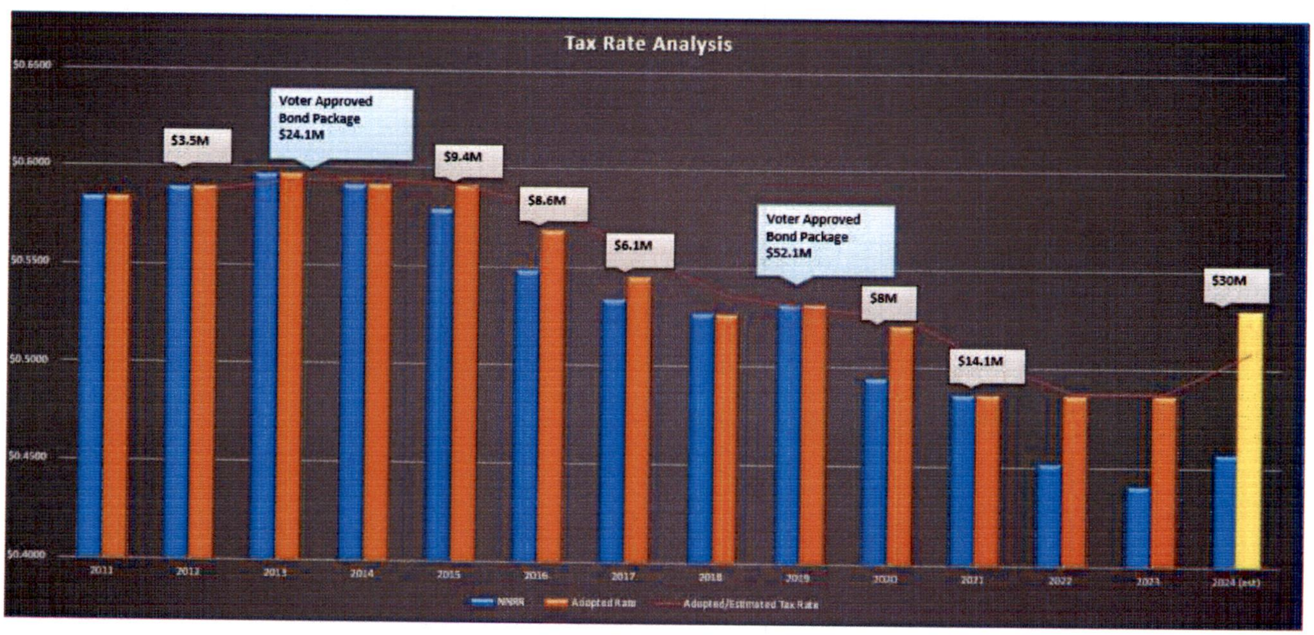
The breakdown of the General Fund expenses is noted below:




Mrs. Hampton reminded Council that per the Charter, staff must submit a balanced budget and gave an overview of the breakdown of the General Fund expenses:

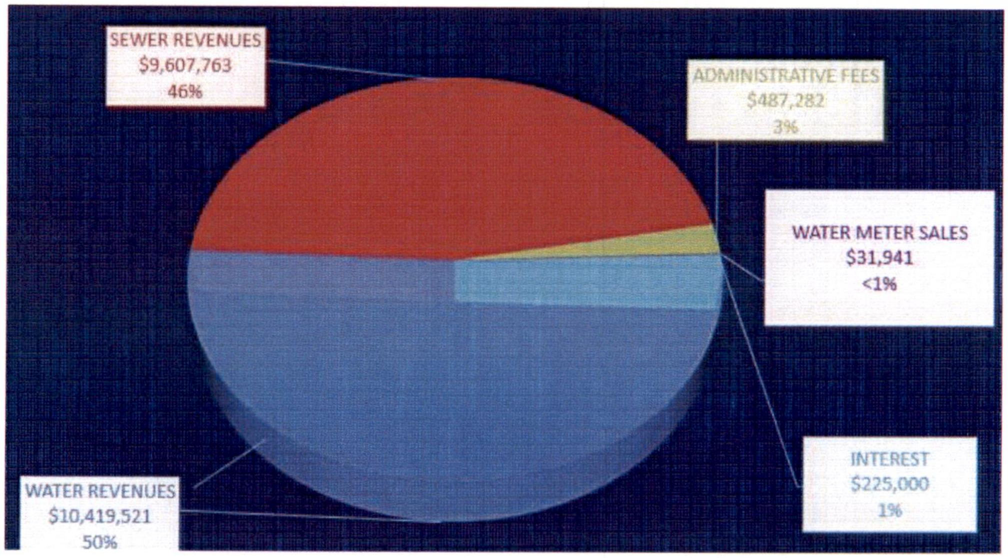



The last discussion on the General Fund was an overview of the tax rate analysis with O&M growth from 2011 to 2023, and it was noted that the tax rate was only raised for bond issues and not operations and maintenance. The chart discussed is listed below:

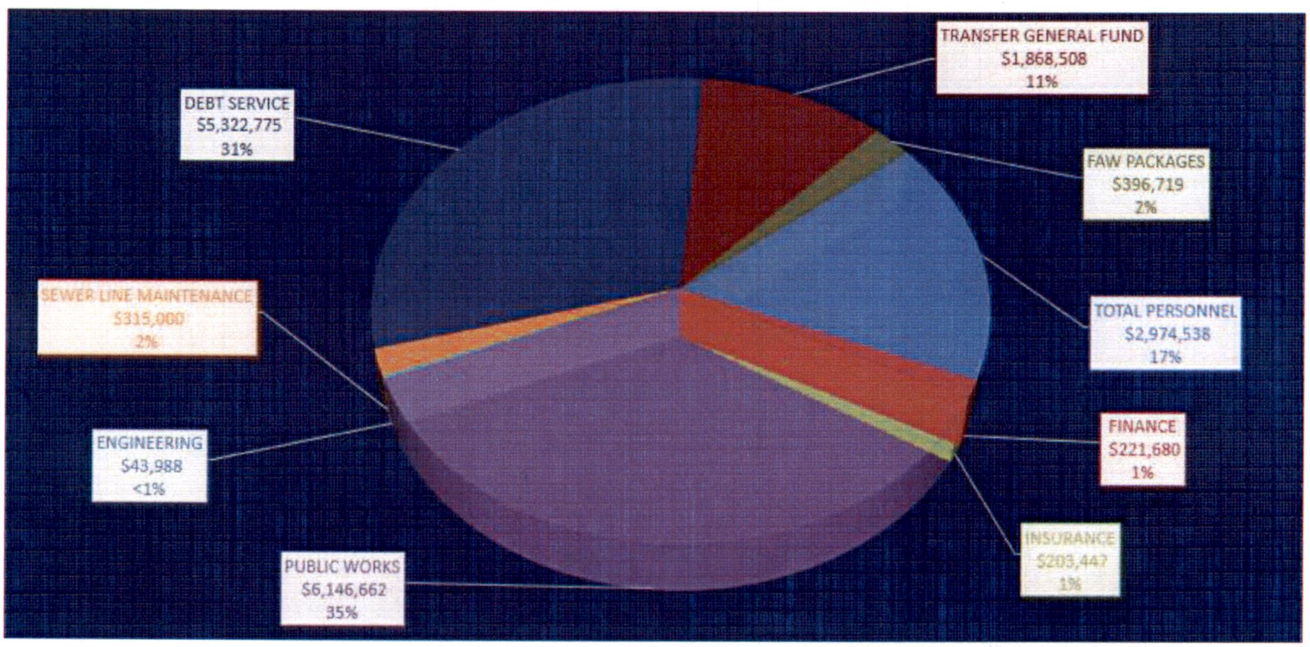



The Council requested that the tax rate analysis be sent to them via email and requested that staff complete a review of the bond debt including: how much of the debt has been paid off, what was agreed to, what was paid each year, and what debt has come off?

Ms. Hampton then gave the Council an overview of the Water Sewer Fund and stated that its revenues are projects at $20.8 million and noted that the revenues are mostly water service fees, water meter sales, and administrative fees.




Ms. Hampton further noted that most of the expenditures in this fund are related to services and not personnel. The Water and Sewer expenditures are for the upcoming year are noted below:




The Council discussed water and sewer rates, and asked staff to provide an overview of the rates versus the cost to operate the water rates. Other topics discussed include:

1. Water surface rights
2. Water quality and reporting requirements, and
3. Utility Rate Study and RFP.

Councilmember Rockey request that staff to show the changes, department by department, from what was presented to Council at the June meeting to the current proposed budget.

Councilmember Branson requested that staff provide a review of the City's expenditures from the previous three years to what is being projected. Mr. Kabiri stated that staff would adjust the multi-year financial plan to back three year and two years forward.

Councilmember Griffon, Councilmember Branson and Mayor Pro Tem Erenwert requested a paper copy of the proposed budget.

Councilmember Hanks stated that if staff removed items from the budget, she would like to see what has been scrubbed.

Ms. Hampton noted that the next steps in the process include the following key dates:

- ✓ 07/28/2023 - Proposed Budget Delivered
- ✓ 08/07/2023 - Budget Work Session
- ✓ 08/28/2023 - Proposed Budget Public Hearing (Special Meeting)
- ✓ 09/11/2023 - Public Hearing on Tax Rate
- ✓ 09/11/2023 - Budget & Tax Rate Adoption

With no further questions or comments, Mayor Foreman thanked Ms. Hampton, Mr. Kabiri, and the entire staff for their hard work on the proposed budget.

**6. ADJOURNMENT**

With there being no further business to discuss, Mayor Foreman adjourned the June 17, 2023, City Council Special Meeting at 11:35 A.M.

Mike Foreman, Mayor

Attest:

Leticia Brysch, City Secretary

CITY OF FRIENDSWOOD
STATE OF TEXAS