

**MINUTES OF THE JOINT MEETING OF THE CITY COUNCIL AND THE BOARD OF  
DIRECTORS OF REINVESTMENT ZONE NUMBER TWO, CITY OF FRIENDSWOOD  
AUGUST 26, 2024**

THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD AND THE BOARD OF DIRECTORS OF REINVESTMENT ZONE NUMBER TWO, CITY OF FRIENDSWOOD MET IN A JOINT MEETING ON MONDAY, AUGUST 26, 2024, AT 5:30 P.M. IN THE COUNCIL CHAMBERS, FRIENDSWOOD CITY HALL, LOCATED AT 910 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS, WITH THE FOLLOWING MEMBERS PRESENT CONSTITUTING A QUORUM:

|                   |                |
|-------------------|----------------|
| John Ellisor      | Councilmember  |
| Sally Branson     | Councilmember  |
| Trish Hanks       | Councilmember  |
| Robert J. Griffon | Councilmember  |
| Joe Matranga      | Mayor Pro Tem  |
| Brent Erenwert    | Councilmember  |
| Mike Foreman      | Mayor          |
| Morad Kabiri      | City Manager   |
| Karen Horner      | City Attorney  |
| Leticia Brysch    | City Secretary |

AND

|                   |                 |
|-------------------|-----------------|
| John Ellisor      | Director        |
| Sally Branson     | Director        |
| Trish Hanks       | Director        |
| Robert J. Griffon | Director        |
| Joe Matranga      | Director        |
| Brent Erenwert    | Director        |
| Mike Foreman      | Chair           |
| Morad Kabiri      | General Manager |
| Karen Horner      | City Attorney   |
| Leticia Brysch    | City Secretary  |

**1. CALL TO ORDER**

Mayor Foreman called the joint meeting to order with a quorum present at 5:32 P.M.; all members were present.

Mayor Foreman announced that there would be no action for all items related to the Reinvestment Zone Number Two, City of Friendswood as said items were being delayed to a future meeting.

## **2. INVOCATION**

The invocation was led by Councilmember John Ellisor

## **3. PLEDGE OF ALLEGIANCE - United States and State of Texas**

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

## **4. COUNCIL COMMENTS AND REPORTS**

The Mayor and Council gave the deepest condolences for the loss of former Councilmember Harold Raley and former Chief of Police Bob Weiners and asked that everyone keep them and their families in their prayers.

## **5. PUBLIC COMMENT**

Mr. Michael Ross requested to speak before the Council regarding his opposition the TIRZ #2, and noted that in his opinion, the financing vehicle being used will not bring a good development of value to the city. He recommended that Council hold additional public meetings to explain the TIRZ #2 in more detail.

Mr. Chris Johnson requested to speak before the Council regarding his opposition the TIRZ #2 and noted that earlier in the day he had filed a lawsuit against the Council as he believed that the decisions made in regard to TIRZ #2 are illegal and directly impacts him and his family.

Mr. Derek Maetzold requested to speak before the Council regarding his support of the TIRZ #2 and the related Castle Bioscience project and agreements. He noted that as a resident and local business owner he had a vested interest in keeping his bio medical company in Friendswood which has experienced at 300% growth since its creation in 2007. He requested that the Council continue to support his company's new headquarters project within the TIRZ.

## **6. CITY COUNCIL – MUNICIPAL BUDGET FOR FISCAL YEAR 2024-25**

### **A. Conduct a public hearing regarding the Proposed Fiscal Year 2024-24 Municipal Budget for the City of Friendswood.**

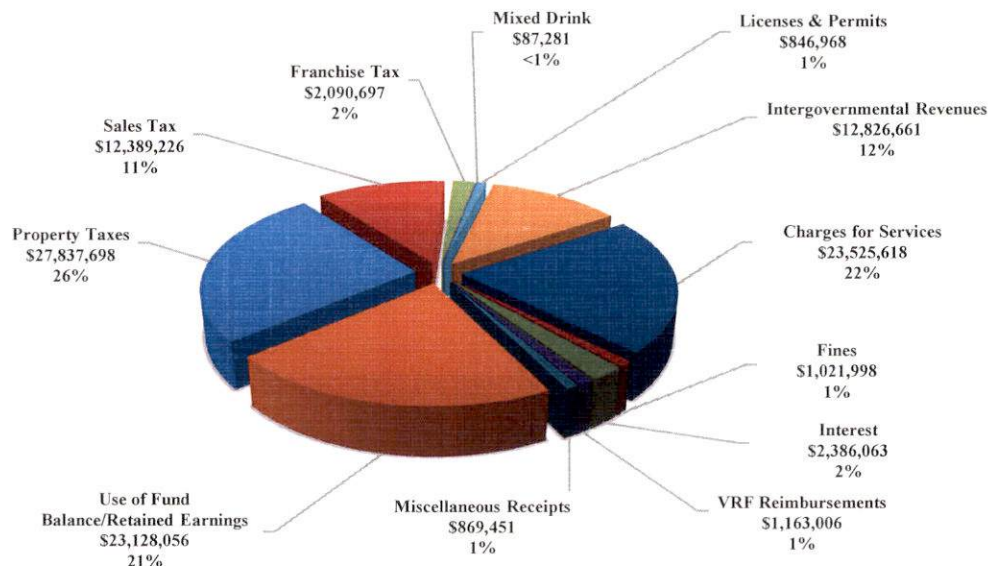
At 5:49 P.M., Mayor Foreman opened the public hearing and requested staff give council an overview of the item.

Finance Director Rhonda Boskas presented the Council with an overview of the proposed budget and noted that the hearing was being held in compliance with the Texas Local Government Code and the City's Charter. She noted that she would be giving the Council a high-level overview of the budget as they have seen the same information multiple times over the last few months.

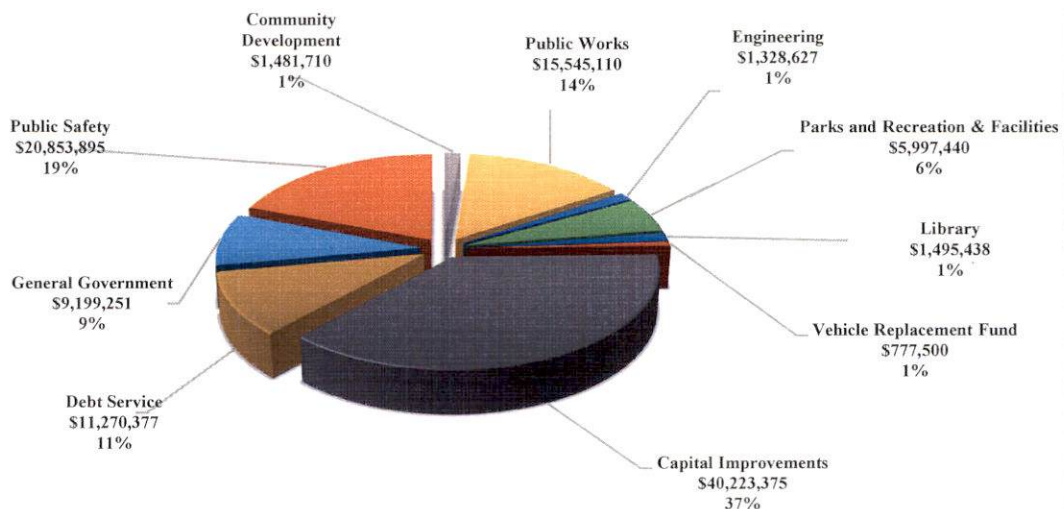
Ms. Boskas noted that the proposed budget was developed to deal with expenditures growth that included the key budget drivers of:

|                                                                                                                                                             |                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Insurance Costs</li> <li>• Operational Costs</li> <li>• Personnel Costs</li> <li>• Deferred Maintenance</li> </ul> | <ul style="list-style-type: none"> <li>• EMS Onboarding</li> <li>• FVFD Contract</li> <li>• Bond Project Impacts</li> <li>• Grant Project Impacts</li> <li>• Aging Infrastructure</li> </ul> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

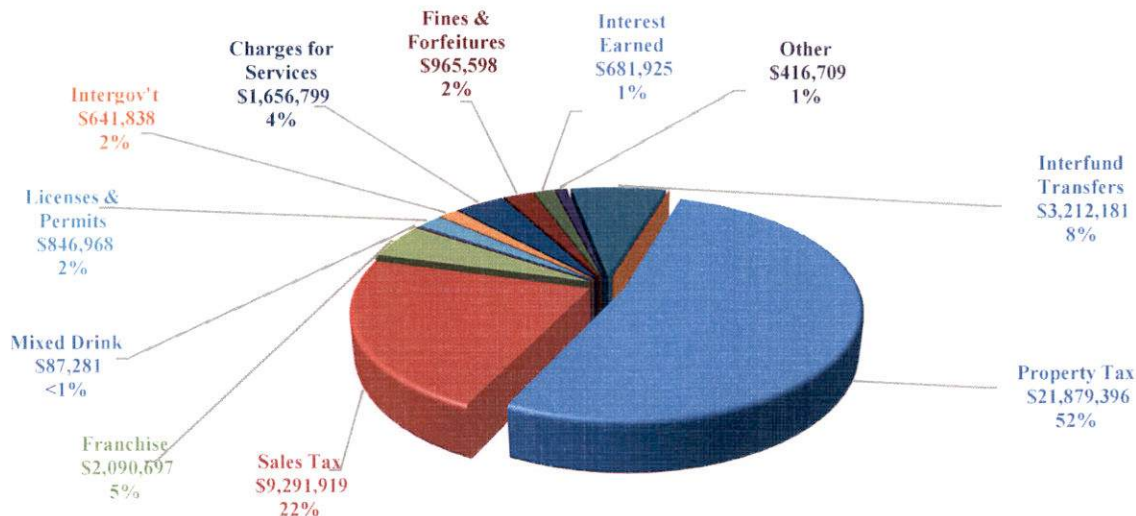
Ms. Boskas noted that the total budget for the City of Friendswood, including projected revenues and expenditures, is about \$108.2 million and is inclusive of all City funds. The total proposed revenues by source and the percentage of the overall budget are as follows:



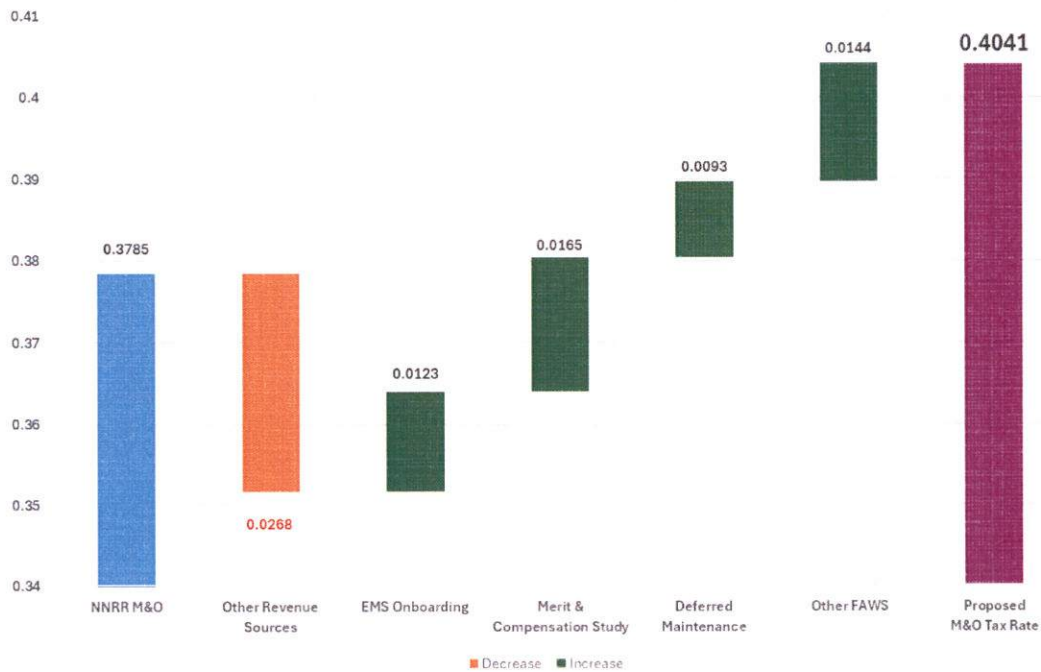
Staff is required to present a balanced budget; therefore, the total proposed expenditures budgeted are at about \$108.2 million. The total proposed expenditures by expenditure categories are as follows:



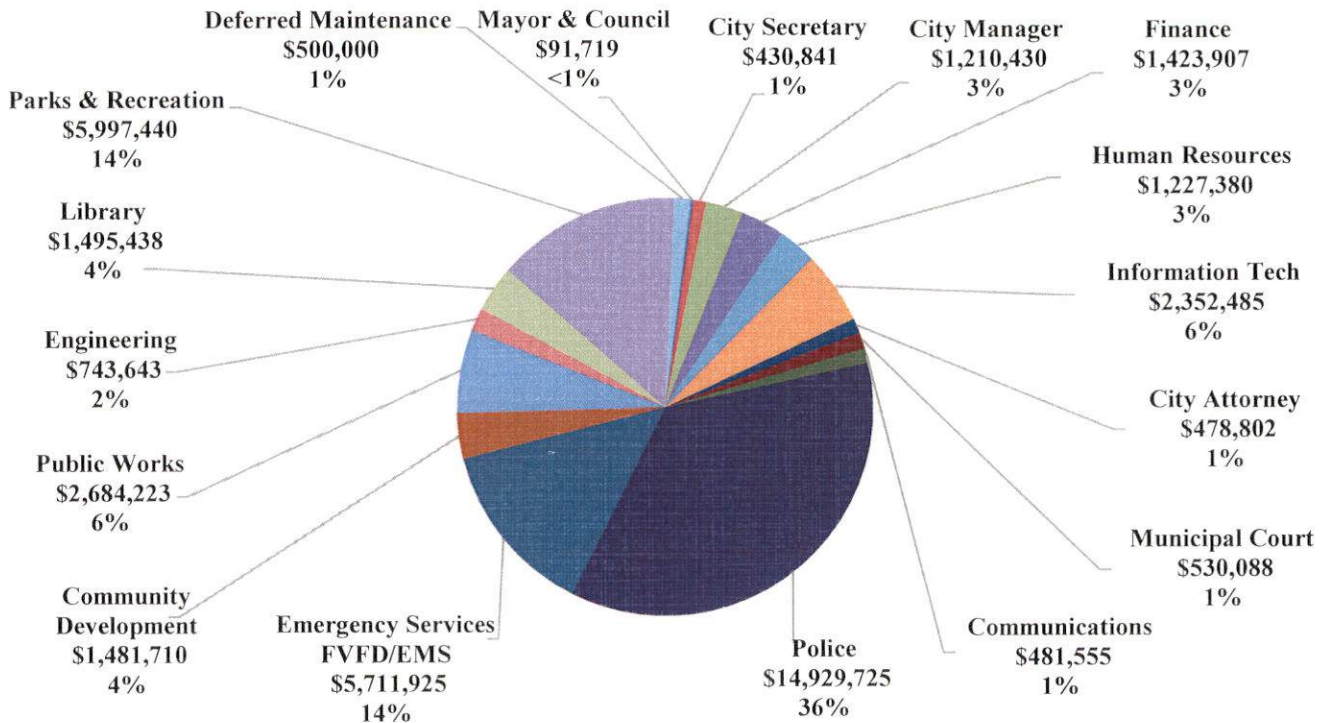
Ms. Boskas noted that she would be focusing on the General Fund and the Water and Sewer Fund. The General Fund, the City's primary operating fund, is budgeted with a proposed revenue of \$41.8 million, with 79% of that coming from taxes; such as property, sales and franchise taxes. The breakdown of the City's revenues is noted below:



The proposed budget was developed using a proposed tax rate of 51.42¢, which is about 1.4 cents above the current rate of 50.07 cents, and about 1.09 cents above the estimated no new revenue rate. Ms. Boskas noted that there was a change to the voter approved tax rate from the last budget presentation; however, it did not effect any of the budget's calculations as this new voter approved tax rate is almost 4 cents higher than what Staff is proposing. The proposed tax rate will provide a projected tax levy of \$27.7 million, that is \$21.8 million for maintenance and operations expenses in the General Fund and \$5.9 million for tax. The graph below was displayed to illustrate the City's maintenance and operation (M&O) tax rate.



Additionally, the General Fund's proposed expenditures were announced to be \$41.8 million with a little over 50% being related to Public Safety. The departmental expenditure breakdown is outlined in the following chart:



Ms. Bloskas showed the Council a list of the Forces at Work (FAW), which is a budget term that is used by Staff for supplemental expenditures that are outside of the Staff's control. Examples noted for FAW included Federal Grants, State mandates, economic impacts, or approved contracts that were approved by the Council previously. The total forces at work and decision packages.

| TOTAL FORCES AT WORK AND DECISION PACKAGES |                    |
|--------------------------------------------|--------------------|
| Forces at Work                             | \$1,497,142        |
| Decision Packages                          | \$888,603          |
| <b>Total Funded FAW &amp; DPs</b>          | <b>\$2,385,745</b> |
| <b>Unfunded Decision Packages</b>          | <b>\$4,029,351</b> |

The full list of the General Fund, Forces at Work and funded Decision Packages included in the proposed budget are as follows:

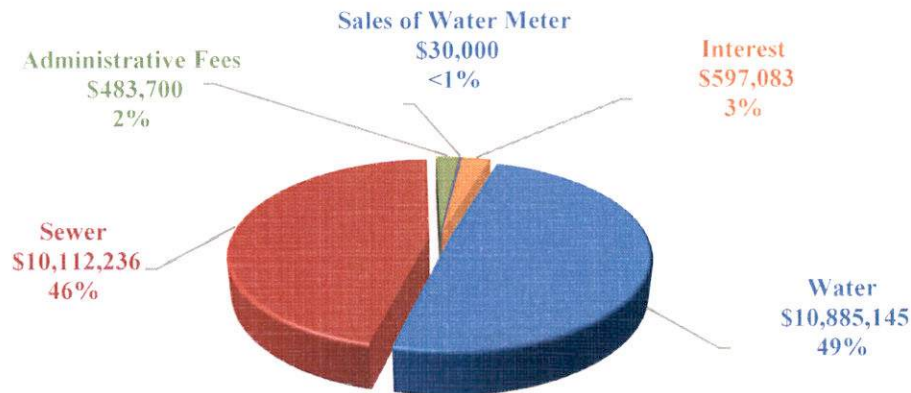
| Dept                        | Description                                       | One Time Cost    | Ongoing Cost       | Total              | Outside Revenue Sources | Net Total          |
|-----------------------------|---------------------------------------------------|------------------|--------------------|--------------------|-------------------------|--------------------|
| City Wide                   | Windstorm Insurance Increase (3%)                 | \$0              | \$25,220           | \$25,220           | \$0                     | \$25,220           |
| City Wide                   | Auto Liability Insurance Increase (7%)            | 0                | 20,768             | 20,768             | 0                       | 20,768             |
| City Wide                   | Real & Personal Property Insurance Increase (13%) | 0                | 16,431             | 16,431             | 0                       | 16,431             |
| P&R                         | Facility Electricity Increase (2%)                | 0                | 10,898             | 10,898             | 0                       | 10,898             |
| PW_St                       | Streets Electricity Increase (2%)                 | 0                | 11,488             | 11,488             | 0                       | 11,488             |
| City Wide                   | Health Insurance Increase (5%)                    | 0                | 104,764            | 104,764            | 0                       | 104,764            |
| City Wide                   | Workers Compensation Increase                     | 0                | 29,899             | 29,899             | 0                       | 29,899             |
| DES_EMS                     | EMS Onboarding                                    | 0                | 2,972,772          | 2,972,772          | 1,035,000               | 1,937,772          |
| FVFD_Fire                   | FVFD Fire Contract Reduction                      | 0                | 64,195             | 64,195             | 247,981                 | (183,786)          |
| FVFD_EMS                    | EMS Contract Elimination                          | 0                | 0                  | 0                  | 1,022,840               | (1,022,840)        |
| PD_Admin                    | Police Policy Accreditation                       | 40,000           | 26,920             | 66,920             | 1,920                   | 65,000             |
| PD_Patrol                   | 12-Hour Shifts + Vehicle                          | 93,725           | 300,555            | 394,280            | 255,340                 | 138,940            |
| PD_Patrol                   | FISD SRO Contract Reduction                       | 0                | 0                  | 0                  | (91,582)                | 91,582             |
| PD_Patrol                   | CCISD School Crossing Guard Agreement             | 0                | 18,534             | 18,534             | 0                       | 18,534             |
| ENG                         | Additional Vehicle (Stormwater)                   | 50,000           | 3,500              | 53,500             | 0                       | 53,500             |
| P&R_Pk                      | Quaker's Landing Buyout lots-Mowing & Maintenance | 0                | 29,600             | 29,600             | 0                       | 29,600             |
| P&R_Pk                      | Maintenance Worker + Vehicle (+1.0 FTE)           | 62,000           | 87,372             | 149,372            | 0                       | 149,372            |
| <b>Total Forces at Work</b> |                                                   | <b>\$245,725</b> | <b>\$3,722,916</b> | <b>\$3,968,641</b> | <b>\$2,471,499</b>      | <b>\$1,497,142</b> |

| Dept                           | Description                             | One Time Cost | Ongoing Cost       | Total              | Outside Revenue Sources | Net Total        |
|--------------------------------|-----------------------------------------|---------------|--------------------|--------------------|-------------------------|------------------|
| PD/CAO                         | Temporary Records Specialist, FY25-FY26 | \$0           | \$89,624           | \$89,624           | \$89,624                | \$0              |
| P&R_SDC                        | Holiday Camps                           | 0             | 27,000             | 27,000             | 27,000                  | 0                |
| City Wide                      | Salary Adjustments / Merit 4.0%         | 0             | 888,603            | 888,603            | 0                       | 888,603          |
| <b>Total Decision Packages</b> |                                         | <b>\$0</b>    | <b>\$1,005,227</b> | <b>\$1,005,227</b> | <b>\$116,624</b>        | <b>\$888,603</b> |

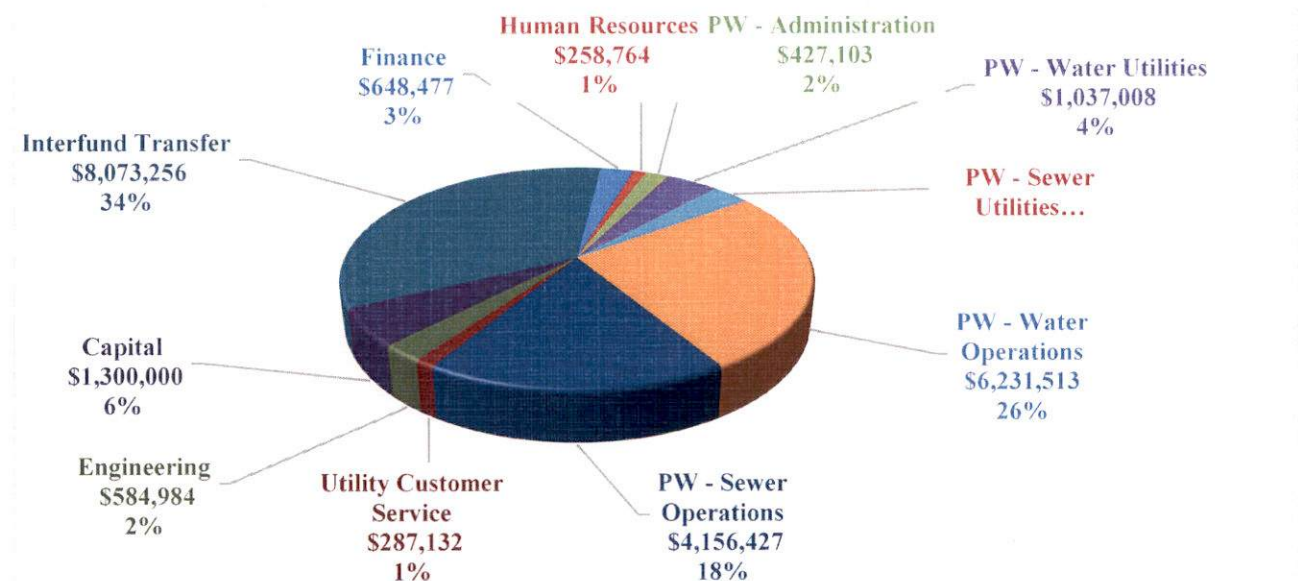
Below is the list of unfunded decision packages that were requested but not included in the proposed budget:

| Dept                                                     | Description                                        | One Time Cost      | Ongoing Cost       | Total              | Outside Revenue Sources | Net Total          |
|----------------------------------------------------------|----------------------------------------------------|--------------------|--------------------|--------------------|-------------------------|--------------------|
| COMM                                                     | Social Media Posts                                 |                    | \$10,000           | \$10,000           |                         | \$10,000           |
| PD_Comm                                                  | PD Records Specialist (+1.0 FTE)                   |                    | 91,858             | 91,858             |                         | 91,858             |
| PW_St                                                    | Equipment Operator - Streets (+1.0 FTE)            |                    | 86,583             | 86,583             |                         | 86,583             |
| DES_EMS                                                  | Full-time Paramedic Conversion (+3.0 FTE)          |                    | 422,092            | 422,092            | 227,625                 | 194,467            |
| P&R_Pk                                                   | Weekday Laborer (+1.0 FTE)                         |                    | 65,090             | 65,090             |                         | 65,090             |
| IT                                                       | Cloud Backup Service                               |                    | 17,000             | 17,000             |                         | 17,000             |
| HR                                                       | Benefit Specialist (+1.0 FTE)                      | 4,000              | 91,244             | 95,244             |                         | 95,244             |
| PD_AC                                                    | Animal Control Officer + Vehicle (+1.0 FTE)        | 78,800             | 97,029             | 175,829            |                         | 175,829            |
| CSO                                                      | Temporary Records Technician (part-time)           | 24,823             |                    | 24,823             |                         | 24,823             |
| PW_St                                                    | Maintenance Worker (+1.0 FTE)                      |                    | 79,346             | 79,346             |                         | 79,346             |
| CDD_GIS                                                  | Geographic Information Systems Analyst (+1.0 FTE)  | 5,000              | 100,507            | 105,507            |                         | 105,507            |
| PW_St                                                    | Streets/Sign Shop Vehicle                          | 45,000             | 4,500              | 49,500             |                         | 49,500             |
| PW_St                                                    | Maintenance Worker (+1.0 FTE)                      |                    | 79,346             | 79,346             |                         | 79,346             |
| ENG                                                      | City-Wide Traffic Study                            | 200,000            |                    | 200,000            |                         | 200,000            |
| CAO                                                      | Legal Services/Litigation Deductibles/Damages      |                    | 50,000             | 50,000             |                         | 50,000             |
| PW_St                                                    | Crew Leader + Vehicle (+1.0 FTE)                   | 75,000             | 102,840            | 177,840            |                         | 177,840            |
| DES_FM                                                   | Deputy Fire Marshal II + Vehicle (+1.0 FTE)        | 65,000             | 158,728            | 223,728            |                         | 223,728            |
| P&R_Rec                                                  | Summer Camp Staff Wage Increase                    |                    | 8,594              | 8,594              |                         | 8,594              |
| P&R_Rec                                                  | Summer Pool Staff Wage Increase                    |                    | 7,596              | 7,596              |                         | 7,596              |
| P&R_Rec                                                  | Citizen Awareness (City U)                         |                    | 500                | 500                |                         | 500                |
| P&R_Rec                                                  | Relevant Special Event Programming                 |                    | 8,500              | 8,500              |                         | 8,500              |
| P&R_Pk                                                   | Lake Friendswood Fish Feeding & Restocking Program | 6,500              | 3,500              | 10,000             |                         | 10,000             |
| ENG                                                      | Sunset Drive Signal Rehabilitation & Optimization  | 2,250,000          |                    | 2,250,000          |                         | 2,250,000          |
| P&R_Rec                                                  | Lake Friendswood Kayak/Paddleboard Rental Kiosk    | 18,000             |                    | 18,000             |                         | 18,000             |
| <b>Total Unfunded Decision Packages for General Fund</b> |                                                    | <b>\$2,772,123</b> | <b>\$1,484,853</b> | <b>\$4,256,976</b> | <b>\$227,625</b>        | <b>\$4,029,351</b> |

Ms. Boskas announced the proposed revenue of the Water and Sewer Fund is \$22.1 million with the about \$21 million coming from utility fees.



The Water and Sewer Fund's proposed expenditures were announced to be \$23.7 million, which includes an estimated \$3.1 million Forces at Work with the largest item being a cash call to the City of Houston for the Southeast Transmission Line Project. The expenditure departmental breakdown is outlined in the following chart:



Ms. Boskas noted that all of the forces at work and decision packages for the Water and Sewer Fund were included in the proposed budget in the following amounts:

|                                   |                    |
|-----------------------------------|--------------------|
| Forces at Work                    | \$3,132,936        |
| Decision Packages                 | \$1,544,377        |
| <b>Total Funded FAW &amp; DPs</b> | <b>\$4,677,313</b> |

The full list of the General Fund, Forces at Work and funded Decision Packages included in the proposed budget are as follows:

| Dept                        | Description                                                         | 186                | Ongoing Cost     | Total              | Outside Revenue Sources | Net Total          |
|-----------------------------|---------------------------------------------------------------------|--------------------|------------------|--------------------|-------------------------|--------------------|
| City Wide                   | Real & Personal Property Insurance Increase (13%)                   | 0                  | 13,444           | 13,444             | 0                       | 13,444             |
| PW                          | Electricity Increase (2%)                                           | 0                  | 8,217            | 8,217              | 0                       | 8,217              |
| City Wide                   | Health Insurance Increase (5%)                                      | 0                  | 18,401           | 18,401             | 0                       | 18,401             |
| City Wide                   | Workers Compensation Increase                                       | 0                  | 3,375            | 3,375              | 0                       | 3,375              |
| PW_SU                       | Blackhawk WW Operations Increase @ 5%                               | 0                  | 143,262          | 143,262            | 0                       | 143,262            |
| PW_WO                       | City of Houston Cash Call 42" SETL                                  | 2,515,039          | 0                | 2,515,039          | 0                       | 2,515,039          |
| PW_SU                       | Southeast Water Purification Plant - CIP Program 2023-2027 (Year 3) | 431,198            | 0                | 431,198            | 0                       | 431,198            |
| <b>Total Forces at Work</b> |                                                                     | <b>\$2,946,237</b> | <b>\$186,699</b> | <b>\$3,132,936</b> | <b>\$0</b>              | <b>\$3,132,936</b> |

| Dept                           | Description                                     | One Time Cost      | Ongoing Cost     | Total              | Outside Revenue Sources | Net Total          |
|--------------------------------|-------------------------------------------------|--------------------|------------------|--------------------|-------------------------|--------------------|
| City Wide                      | Salary Adjustments / Merit 4.0%                 | \$0                | \$109,579        | \$109,579          | \$0                     | \$109,579          |
| PW_SO                          | Sewer Operator + Vehicle (+1.0 FTE)             | 45,000             | 97,826           | 142,826            | 0                       | 142,826            |
| PW_SU                          | Equipment Operator - Sewer Utilities (+1.0 FTE) | 0                  | 89,646           | 89,646             | 0                       | 89,646             |
| PW_WO                          | Water Operator + Vehicle (+1.0 FTE)             | 45,000             | 97,826           | 142,826            | 0                       | 142,826            |
| PW_Admin                       | Administrative Vehicle                          | 55,000             | 4,500            | 59,500             | 0                       | 59,500             |
| ENG                            | Wastewater Master Plan                          | 1,000,000          | 0                | 1,000,000          | 0                       | 1,000,000          |
| <b>Total Decision Packages</b> |                                                 | <b>\$1,145,000</b> | <b>\$399,377</b> | <b>\$1,544,377</b> | <b>\$0</b>              | <b>\$1,544,377</b> |

Ms. Boskas identified the following next steps for the budget approval process:

- 08/26/2024: Complete public hearing and either:
  - adopt the budget or
  - postpone the adoption of the budget to the 09/09/2024 Council Meeting.
- 09/09/2024: Conduct a Public Hearing on Tax Rate and Consider the adoption of the proposed tax rate.

At the conclusion of the presentation, Mayor opened the discussion to Council for questions and comments.

Mayor Pro Tem Matranga asked if the proposed budget included the expenditures incurred with the Hurricane Beryl debris removal. Ms. Boskas responded that those expenditures were not included in the proposed budget as they were being handled through the current fiscal year budget. Additionally, City Manager Morad Kabiri noted that at this time the estimated amount of expenditures for Beryl related debris and trash pickup and other emergency related activities is in excess of \$4.5 million.

At the request of Councilmember Matranga, Mr. Kabiri gave an overview of the 24-inch waterline project and stated that back in the 1990s the Harris-Galveston Subsidence District enacted rules to reduce the use of ground water in order to limit subsidence in the area. Further, at that time, the City was required pursuant to State Law to no longer use groundwater and switch to surface water sources. Mr. Kabiri noted that surface water rights were for the most part already accounted for around the area, so the City partnered with the City of Houston to secure surface water rights from the Trinity River and Lake Livingston. This water is treated out of the Southeast Water Purification Plant and pumped to Friendswood. Because most ground water systems function on a pressure system, Friendswood originally had six water wells strategically placed throughout the city to work off of each other and improve water pressure throughout the city. When the City switched to surface water, Friendswood could no longer rely on these six wells and now, the water has to be pumped all the way from the north end of town to the south end which depending on the circumstance reduces the water pressure to the south end of the city. Mr. Kabiri stated that the 24-inch waterline is intended to run parallel a large part of the water supply at the take points near Timber Creek all the way to the water plant behind Friendswood High School in hopes that this will improve pressure throughout the system, especially during high demand times.

With there being no one signed up to speak on this item, Mayor Foreman closed the public hearing at 5:58 p.m.

**B. Discuss and take action concerning the City of Friendswood's Proposed FY 2024-25 Municipal Budget.**

City Manager Morad Kabiri presented the item and stated that the Council had two options before them as it related to taking action on the budget. He noted that the Council may choose one of the following:

- Adopt the proposed budget for fiscal year 2024 – 2025 as presented,
- Adopt the proposed budget with any amendments desired, or
- Postpone the adoption of the proposed fiscal year 2024 – 2025 budget until our next regularly scheduled meeting on September 9, 2024.

Mr. Kabiri noted that for the most part the budget had not materially changed since it was presented to the Council back in June and discussed multiple times since then. He stated that staff was open to any comments or amendments the Council desired.

Mayor Foreman stated that he felt the proposed budget was outstanding and thanked the Finance staff for bringing forth a budget that covered the 5% increase in operations without having a 5% increase in the tax rate.

Councilmember Griffon thanked the staff for the budget workshop as it helped him have a better understanding of the budget.

Mayor Foreman reminded the Council that the budget that they just approved needed to be supported by the proposed tax rate that will be considered in the September 9<sup>th</sup> Council meeting.

A motion was made by Councilmember Hanks and seconded by Mayor Foreman that the proposed budget for fiscal year 2024 – 2025 be adopted as revised and presented including revenue projections of \$108,172,723 and expenditure appropriations totaling \$108,172,723. The vote was the following:

The vote for the motion on the table was as follows:

Ayes: Mayor Mike Foreman, Councilmember John Ellisor, Councilmember Sally Branson, Councilmember Trish Hanks, Mayor Pro Tem Joe Matranga, Councilmember Robert J. Griffon and Councilmember Brent Erenwert

Nays: None.

The item passed unanimously.

#### ORDINANCE NO. 2024-25

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD, TEXAS, APPROVING AND ADOPTING THE CITY OF FRIENDSWOOD, TEXAS, GENERAL BUDGET FOR FISCAL YEAR 2024-25; MAKING APPROPRIATIONS FOR THE CITY FOR SUCH FISCAL YEAR AS REFLECTED IN SAID BUDGET, AND MAKING CERTAIN FINDINGS AND CONTAINING CERTAIN PROVISIONS RELATED THERETO; AND PROVIDING FOR THE PUBLICATION AND EFFECTIVE DATE THEREOF.

#### 7. TIRZ BOARD – BUSINESS ITEMS

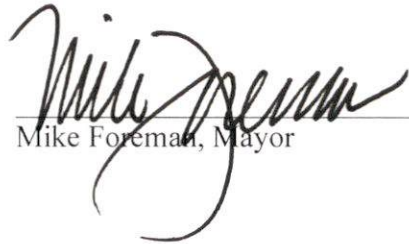
- A. Consider the election of a Vice Chair and Secretary of the Board of Directors of Reinvestment Zone Number Two, City of Friendswood.
- B. Consider Approving the Rules of Procedure of the Board of Directors of Reinvestment Zone Number Two, City of Friendswood.
- C. Consider adopting the Rules of Procedure of the Board of Directors of Reinvestment Zone Number Two, City of Friendswood.
- D. Consider approving the Development Agreement by and between Castle Biosciences, Inc. the City of Friendswood, and Reinvestment Zone Number Two, City of Friendswood.

#### 8. CITY COUNCIL - CONSENT

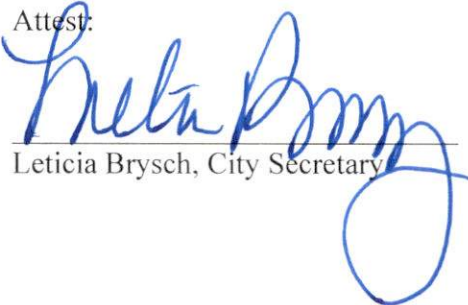
- A. Consider an ordinance approving the Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number Two, City of Friendswood.
- B. Consider authorizing a Development Agreement by and between Castle Biosciences, Inc, Reinvestment Zone Number Two, City of Friendswood, and the City of Friendswood.

## 9. ADJOURNMENT

With there being no further business, Mayor Foreman adjourned the August 26, 2024, Joint Meeting of the City Council and the Reinvestment Zone Number Tow, City of Friendswood at 6:01 P.M.

  
Mike Foreman, Mayor

Attest:

  
Leticia Brysch, City Secretary



  
Mike Foreman, Chair

Attest:

  
Leticia Brysch, City Secretary