MINUTES OF THE SPECIAL MEETING OF THE
CITY COUNCIL OF THE CITY OF FRIENDSWOOD
AUGUST 13, 2024

THE CITY COUNCIL OF THE CITY OF FRIENDSWOOD MET IN A SPECIAL MEETING ON WEDNESDAY, AUGUST 13, 2025, AT 3:00 P.M. IN THE COMMUNITY ROOM, FRIENDSWOOD PUBLIC LIBRARY, LOCATED AT 416 S. FRIENDSWOOD DRIVE, FRIENDSWOOD, TEXAS, WITH THE FOLLOWING MEMBERS PRESENT CONSTITUTING A QUORUM:

John Ellisor	Mayor Pro Tem
Sally Branson	Councilmember
Trish Hanks	Councilmember
Robert J. Griffon	Councilmember
Joe Matranga	Councilmember
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 3:00 P.M. with all members present with the exception of Councilmember Ross who was absent.

2. INVOCATION

The invocation was led by Mayor Pro Tem 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

No reports were provided.

5. PUBLIC COMMENT

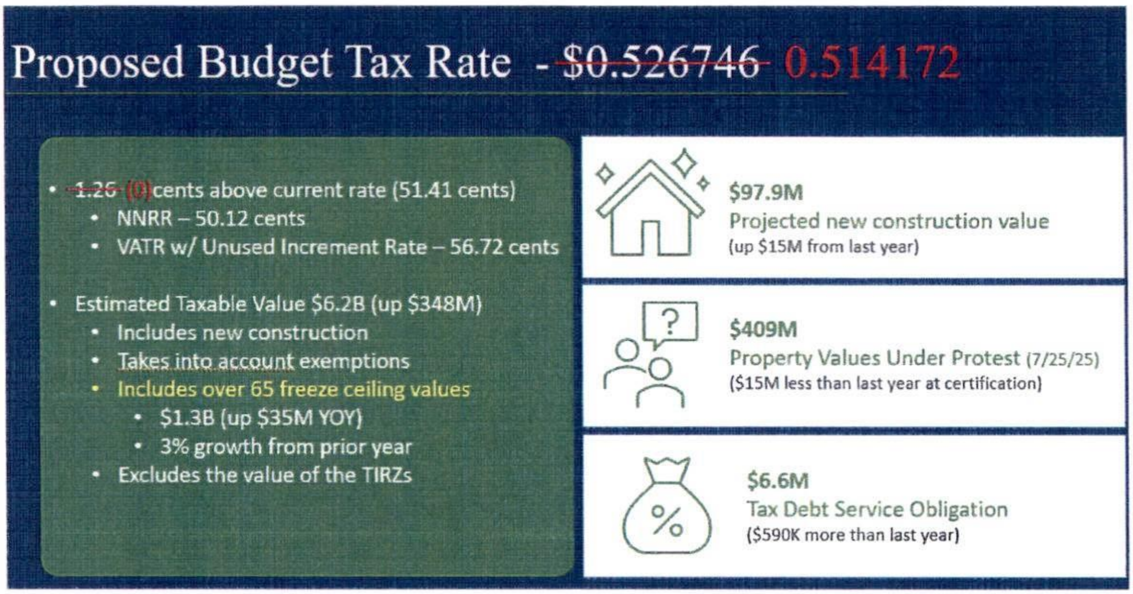
There was no public comment.

6. WORK SESSION TOPICS

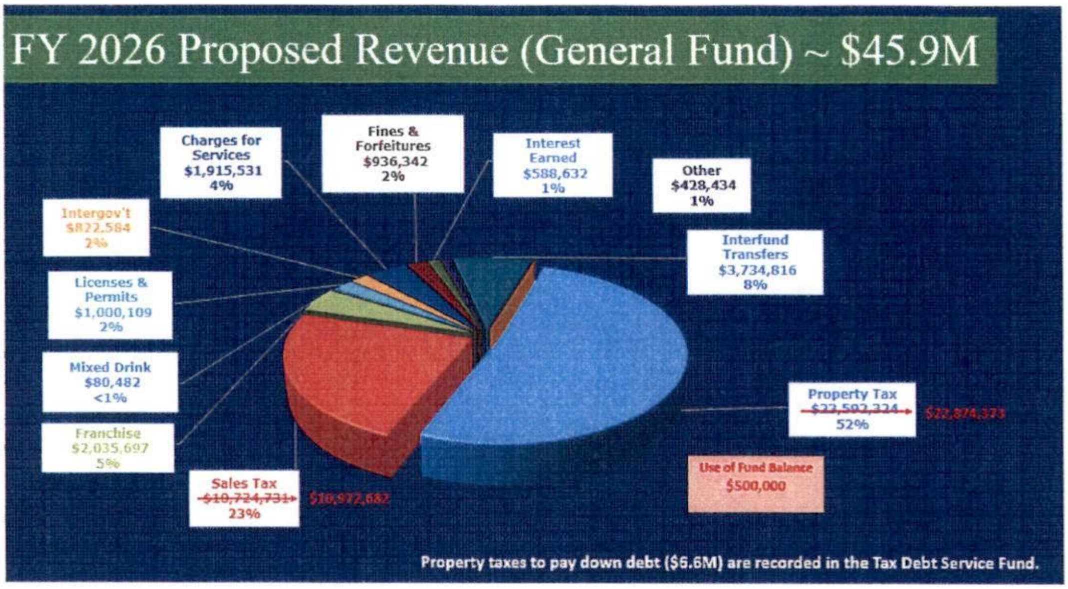
A. Receive and discuss a presentation regarding the City of Friendswood Proposed FY2024-25 Municipal Budget.

City Manager Morad Kabiri stated there had been slight changes since the draft budget was presented to Council a couple of weeks ago. He emphasized the City's commitment to achieving its goals while being mindful of the impact on taxpayers.

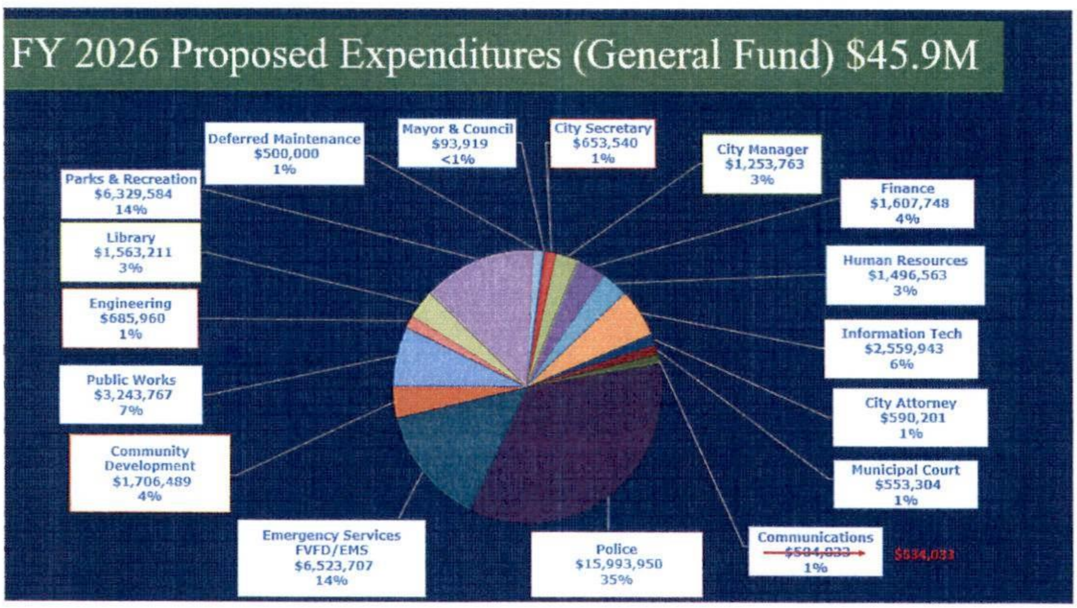
Finance Director Rhonda Bloskas said the discussion would focus on the General Fund. Following the last City Council meeting and Council feedback, staff lowered the proposed rate to the flat tax rate of 0.514172¢, which is about 1.3¢ over the No New Revenue Rate (NNRR) and roughly 5¢ below the voter-approved rate. All other assumptions remained the same.



Ms. Bloskas also identified the changes to the proposed FY2026 revenue, specifically the projections related to sales tax revenue were increased by $240,000, and because the property tax rate was reduced from the previous meeting, this resulted in a revenue decrease of $718,000 for property taxes. She also noted that many of the deferred maintenance items noted in the previous meeting would instead be funded from the City's current fund balance rather than through a tax increase. Ms. Bloskas explained staff decided to purchase this maintenance and/or one-time capital purchases via fund balance because of the anticipated additional fund balance from sales tax receipts. Mayor Foreman cautioned against using sales tax to fund the City's maintenance fund in future years and encouraged the Council to budget the $500,000 annually for maintenance, in order to build up that fund appropriately. Councilmember Hanks suggested creating a policy to designate a percentage of fund balance for specifically for deferred maintenance. On that particular suggestion, Mr. Kabiri said this could be considered after the audit in December. Councilmember Griffon stressed the importance of saving for emergencies due to uncertainty about federal reimbursements. The Mayor added that allocations could also be made through budget amendments. With that said, Ms. Bloskas noted that page 45 of the budget provided to Council outlines the new maintenance fund policy.



Furthermore, Ms. Bloskas reported that overall revenues increased by about $30,000 due to a decision packet for a social media boost program. The $30,000 allocation would return to fund balance if unused.



Ms. Bloskas went over the tax bill comparison for a home valued at $460,000 from the originally proposed tax rate of $0.526746 to the new proposed tax rate of $0.514172. She noted that for a homeowner that owns a home, a $460,000 valued home, and is taking the 20% homestead exemption, their annual bill would be about $47.82 more, which is about $195 less than the voter approval tax rate with the unused increment. She further noted that if a home is valued at $200,000 with no increases in their appraised value from last year to this year, there would be increase to their property taxes and it would remain flat.

In response to an inquiry over how the voter approved tax rate is decided, Mr. Kabiri noted that the voter approved tax rate changes are a function of value fluctuation plus the City's revenue growth from the prior year, so the if the State says that the City is capped at 3.5%, and they decide to lower the cap to 2.5%, something that is currently being considered by the Legislature, that will have an impact on the City's voter approved tax rate.

Tax Bill Comparison

Home Value - $460,000
No change in value from 2024 to 2025

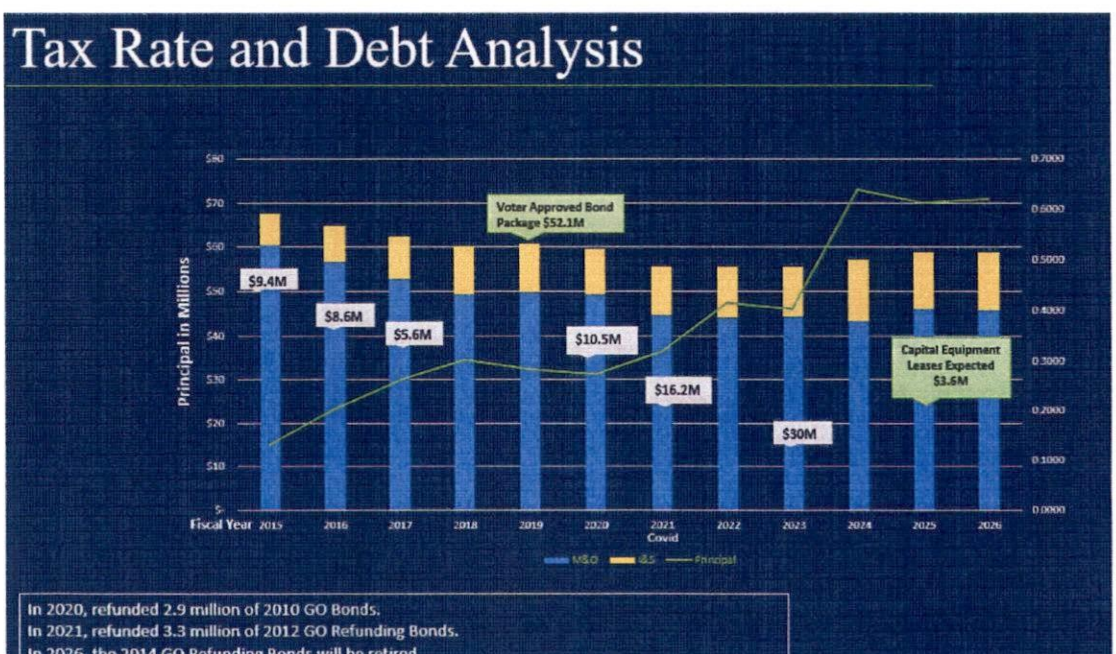
Homestead Taxable Value ~ $368,000 (with 20% homestead exemption)

	Proposed	Current	NNRR	VATR*
	~~$0.526746~~ (0.514172)	$0.514172	$0.501177	$0.567235
Monthly Tax Bill	~~$161.54~~ $157.68	$157.68	$153.69	$173.95
Annual Tax Bill	~~$1,938.43~~ $1,892.15	$1,892.15	$1,844.33	$2,087.42
Monthly Difference from proposed rate		~~-$3.86~~ $0.00	~~-$7.85~~ $3.99	~~-$12.41~~ -$16.27
Annual Difference from proposed rate		~~$46.28~~ $0.00	~~$94.10~~ $47.82	~~-$148.99~~ -$195.27

At the proposed rate, the annual tax bill for a home valued at $200,000 would increase by ~~$20.~~ $0

*Includes unused increment of 4 cents.

Ms. Bloskas introduced a new slide in the budget presentation showing the tax rate and debt analysis. She stated that the blue bar graph indicates the Maintenance and Operations (M&O) tax rate, the yellow bar graph shows the Interest and Sinking (I&S) tax rate and the green trend line shows the balance of the debt being funded by property taxes each year. She pointed out that as the as the City issues debt, its M&O rate will fall, and its I&S rate will go up. Mr. Kabiri noted that there will never be a time in which the green line is zero because even as debt it retired, there will always be some piece of equipment that will require replacement; such as a fire truck or street replacements, which is a constant need in a community of this size. The Council stated that for a community of this sized, its balance between debt and operations was well done, particularly when compared to surrounding communities.



Ms. Bloskas stated that the next slide shows the "forces at work" and noted that a few of the "forces at work" and the decision packages that were submitted during the budget planning process this year, many of them that were identified as capital items, capital purchases, capital improvements, and had a one-time cost, will be funded these in FY25 with the use of fund balance. She further stated that the Council would see those purchases in an upcoming budget amendment. She further noted that the "forces at work" and decision packages being discussed were listed below and totaled $719,000.

Dept	Description		One-Time Cost
Police	DP	Drone Monitoring Equipment	75,825
Police	FAW	Mobile Data Terminals	131,000
Police	FAW	Replacement K9	39,100
Police	DP	Animal Control Security Cameras	40,000
Public Works	DP	VRP Addition	44,860
Public Works	DP	Broom Attachment for ATMAX	12,766
Public Works	DP	Graphtec Cutter	10,629
Engineering	DP	City-Wide Traffic Study	225,000
Parks	DP	VRP Addition	52,386
Parks	DP	Sports Park Security Cameras	40,000
Parks	DP	Tow Behind Personal Lift	48,000

As it related to the remaining funded "forces at work," that list remained unchanged and in the order of staff ranking below:

Dept	Description	One Time Cost	Ongoing Cost	Total	Outside Revenue Sources	Net Total
City Wide	Automobile Insurance Increase (27%)	$0	$38,191	$38,191	$0	$38,191
City Wide	Real & Personal Property Insurance Increase (14%)	0	11,312	11,312	0	11,312
FIN	Galveston County Appraisal Services	0	67,997	67,997	0	67,997
PD_Patrol	Axon Taser Contract	0	81,087	81,087	0	81,087
PD_Patrol	Drone Monitoring Software	0	11,100	11,100	0	11,100
PD_Comm	Records Specialist (+1.0 FTE)	0	93,001	93,001	0	93,001
FVFD_Fire	FVFD Contract Increase	0	78,810	78,810	0	78,810
DES_Admin	Radio Refresh	0	88,000	88,000	0	88,000
P&R_Pk	Forest Bend Easement Mowing	0	7,000	7,000	0	7,000
P&R_Facilities	Star Services HVAC Contract Increase	0	14,000	14,000	0	14,000
Total Forces at Work		**$0**	**$490,498**	**$490,498**	**$0**	**$490,498**

The only item that was added to this list was the previously mentioned social media post booting program in the amount of $30,000.

Ms. Bloskas asked if the Council had any questions or desire to review the requested decision packages from any of the department heads present at the meeting. The Council had no questions and expressed their gratitude for the work and thought put into this year's budget, balancing the staffing needs of the organization and operational excellence with the tax impact to the residents.

Ms. Bloskas noted that the next steps to the budget process were as follows:

- ✓ Proposed Budget Public Hearing – 08/25/2025, at 5:30 p.m.
- ✓ Budget Adoption – 08/25/2025 or 09/08/2025
- ✓ Public Hearing on Tax Rate – 09/08/2025, at 6:00 p.m.
- ✓ Tax Rate Adoption – 09/08/2025

Mayor Foreman stated he fully intended to vote the approval of the proposed budget at the August 25, 2025, City Council Meeting and encouraged Council to direct any remaining questions to staff beforehand and to be prepared to vote as well.

7. ADJOURNMENT

With there being no further discussion, Mayor Foreman adjourned the August 13, 2025, City Council Special Meeting at 3:29 P.M.

Mike Foreman, Mayor

Attest:

Raquel Martinez, City Secretary

CITY OF FRIENDSWOOD
STATE OF TEXAS