State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the City Council of Freeport, Texas met on Monday, August 4, 2025 at 6:00 PM at the Freeport Council Chamber located at 430 North Brazosport Blvd. , Freeport Texas for the purpose of considering the following agenda items:

City Council:	Mayor Jerry Cain Councilman Jeff Pena Councilman Jarvis Davis Councilman George Matamoros Councilman Winston Rossow	
Staff:	Daniel Pennington, Interim City Manager Chris Duncan, Interim City Attorney Clarisa Fernandez, City Secretary Ashlee Hurst, Finance Director Toby Cohen, IT Director Donna Fisher, Human Resource Director Laura Cramer, GIS/Property Manager Rudy Ragle, Public Works Director Jennifer Howell, Police Chief Chris Motley, Fire Chief Wade Dillon, Museum Manager Nick Meek, Public Works Department	
Visitors:	David McGinty Melanie Oldham Kenneth Hayes Carol Parker Mark Parker Ruben Renobato Shonda Marshall	Ron Bachman Margaret Bachman Pamela Dancy Linda Marshall Con McCleester Diane McCleester

Call to Order:

Call to Order - Jerry Cain, Mayor

Mayor Cain called the regular scheduled meeting of the Freeport City Council to order at 6:00P.M. on August 4, 2025, declaring a quorum was present.

Invocation - Councilman

Councilman Rossow led the Invocation.

Pledges - Pledge of Allegiance to the United States; Pledge of Allegiance to the State of Texas.

Councilman Rossow led the Pledge of Allegiance to the United States and the Pledge of Allegiance to the State of Texas.

Audience Participation – Anyone who has registered to speak prior to the meeting being called to order and desires to address the City Council will be heard at this time, or during the discussion of an item listed on the agenda. These forms are located by the City Secretary. After completing the form, give it to the City Secretary. She will give it to the Mayor. The Mayor will call on you when that item is presented, once a motion has been made by Council then public participation will not be allowed. You will have four (4) minutes to make your comments regardless of the number of agenda items to be addressed.

Museum Manager Wade Dillon shared the following updates with the Mayor, City Council, and City of Freeport. He began by thanking them and then provided an update from the Freeport Historical Museum. He stated that the museum's shark exhibit, which runs through August 13th, has reached a total of 4,072 visitors. He also reported that the museum's Facebook page now has 9,131 followers, making it the most-followed museum in Brazoria County on the platform. Mr. Dillon emphasized the importance of continuing to produce quality content and engaging the community to bring more people into the museum. He announced that the next exhibit, titled Class in Session: Freeport's Educational Heritage, will open on September 6th. He said Programs Coordinator Loretta has been working on the upcoming exhibit and noted that it will be free to the public. He closed by encouraging everyone to attend.

Melanie Oldham addressed the Mayor, City Manager, and City Council, specifically acknowledging Councilman Davis. She introduced herself and stated she lives at 1206 West Broad. She mentioned she had just returned to town the night before and quickly reviewed the supporting documents that morning. She spoke on two main issues. First, she commented on the Council's potential discussion about whether to obtain a copy of the "Pena trial" transcript. She shared that she attended the "Pena trial" and, although she missed the morning session where Mr. Pena may have testified. She shared that she attended the afternoon portion of the trial and described the courtroom setup, behind the prosecutors sat Cindy Cain, Desiree Pearson, Nicole, Sam, the Barnetts, Donna Fisher, George, and Clarissa. On the other side were Mr. Pena's friends, family, and supporters. She said she sat in the middle and listened. Ms. Oldham stated that within two hours, it was clear to her that the case against Mr. Pena was so trumped up there was no way a jury would have found him guilty, calling it a waste of City time and money. She said she witnessed the former City attorney get caught not telling the truth on the witness stand. After being presented with emails between him and Mr. Pena, and said he misunderstood the question and basically did not tell the truth. She said Mr. Kelty testified that a group told him to go after Mr. Pena, and he instructed Mr. Selleck to "get him any way you can." Mr. Selleck's investigator, she added, testified that he was only told to talk to a few people and then drop the case. She expressed disappointment in former leadership, including David Olson, for allegedly lying on the stand, and said they were caught doing so. She emphasized the importance of all Council members reading the transcript and remarked that Tom Selleck's frequent entry and exit from the courtroom made her nervous. Ms. Oldham then turned to the topic of public comment and the work session. She said the work session should never have been removed and called it so wrong, arguing that it silenced not just targeted individuals but all citizens of Freeport. She stressed that months passed when the public could not hear from their individual Council members. She referenced a comment that the work session would stay as long as everybody behaves and urged the Council to keep it on the agenda if they truly want to hear from the public.

Manning Rollerson said he returned from New York City last night after seeing for himself that migrants were not murderers, rapists, drug dealers, assassins, but innocent Latino families, some here for generations, being put in cages and separated by the same type of government as in Freeport, Texas. He said the government ignores public opinion and health. He said his wife was jailed in New York protesting toxic poisoning in their community while sick with cancer. He called it sad that local government cannot be trusted, with wedges in the community keeping people divided, and urged unity by removing those wedges. He stated he would choose youth for Mayor Pro tem because they are the future, but said his grandmother's and mother's dreams had failed Freeport for 57 years due to harmful economic policies and toxic rivers and waters. He questioned when the truth about summer deaths from drinking water would be told, criticized giving 89% of water to manufacturing through a desalination plant, and said it would not work in a community already burdened by toxic industries. He noted Freeport's 57 years of industrial growth has left it below the federal poverty level, said the City is dying, and opposed leaving the EDC house open or spending $500,000 in taxpayer money on a private soccer field. He called for that money's return if not public and said public funds should serve the public. He announced plans for a protest during Freeport's Centennial, citing the 1932 segregation order, and concluded by saying we got to change this.

Consent Agenda:

Action regarding Minutes, July 15, 2025 and July 21, 2025-Clarisa Fernandez, City Secretary

Action approving changing the date of the first meeting in September 2025 due to Labor Day Holiday to Tuesday, September 2, 2025-Clarisa Fernandez, City Secretary

Action approving Resolution No. 2025-2941 for the Joint Election Agreement and Contract for Election Services with the County Clerk of Brazoria County, Texas and the City of Freeport-Clarisa Fernandez, City Secretary

Approval of Road Closures for 15th annual KIDFEST-Wade Dillon, Museum Manager

A motion was made by Councilman Matamoros to approve the Consent Agenda as presented, seconded by Councilman Davis with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Pena voted "Nay".

Proclamations - Presentations and Updates

Upcoming Events-Freeport Historical Museum, Shark Exhibit, May 24-August 13.

Interim City Manager Dan Pennington gave updates on upcoming events.

Presentation of the Updated Proposed Budget Fiscal Year 2025-2026-Ashlee Hurst, Finance Director

Finance Director Ashlee Hurst presented the attached presentation titled "Exhibit A" to the Council on the Updated Proposed Budget Fiscal Year 2025-2026. Ms.Hurst began by stating that tonight's presentation was intended to provide updates on changes to the proposed budget since it was last presented. She shared that the Council also received the first showing of the newly designed digital budget book. She noted that this document was made possible by the 2025 Council-approved budget book purchase. She explained that the software used to create the book is very finicky and welcomed any feedback to help ensure the final product is something everyone is happy with. Ms. Hurst added that once the budget is officially adopted, the software will be embedded on the City's website for digital presentation and navigation. She concluded by stating that questions would be answered at the end of the presentation to the best of her ability.

Councilman Pena raised several questions regarding potential alternatives to increasing rates. He inquired about the possibilities of selling more water to cover the growing costs and suggested reviewing the City's contract with the Brazosport Water Authority (BWA) to explore options for better alignment with current circumstances. He remarked on the importance of finding a balance between covering expenses and not overburdening residents, given Freeport's low average household income. He emphasized the necessity of a comprehensive understanding of the city's contract with BWA and the need for a pro-development approach to potentially increase revenues, thereby reducing the need for drastic rate hikes.

Discussion on City's Role in BWA Water Contract-Kenneth Hayes

Kenneth Hayes addressed the Mayor, City Council, and Mr. Pennington. He stated that BWA was formed in

1987 with all the current member cities. He noted that all parties agreed at that time to the dollar amounts and water volumes under the current contract. He suggested that the Council consider the importance of water sales, mentioning that in the month of May, usage exceeded the allocation by 600,000 gallons. He warned against being short-sighted, emphasizing that water is the most precious resource and that losing the contract could mean it may not be regained. He said Angleton uses more water than Freeport, and Lake Jackson uses about the same. He pointed out that other cities have wells, while Freeport and Brazoria do not and rely solely on BWA. He explained BWA operates on a $28 million budget with about 8% profit after debt service and noted BWA is not a taxing authority. He said all member Cities have a board member, except Surfside and Jones Creek, which opted out from the beginning. He mentioned that Freeport can sell water to Surfside due to a pipeline, but not to other towns due to lack of infrastructure. He said hauling water by truck is possible, though likely not practical. He described one instance where a new industry in Surfside at Bridge Harbor would have used nearly 50% more water than what is currently available in excess. He said they receives 2 million gallons of water per day and is currently using around 48 million gallons a month. He emphasized that there is not a large buffer in usage. He added that the City pays BWA $279,000 monthly. He explained that BWA is not profiting significantly but is paying for facility improvements and drilling three wells for future desalination. He noted desalination would occur through the Oro plant once completed. He clarified that another referenced desalination plant is only for industrial, not potable water.

Public Hearings

Public Hearing: Updated Proposed Budget Fiscal Year 2025-2026.

Mayor Cain opened the Public Hearing at 7:14PM.

Melanie Oldham thanked the Council for looking closely at the budget this year. She said she was trying to understand the water department and asked if it had not been handled correctly for years, stating that money had been pulled from the general fund to cover it and that it had been in the red. She asked if this had been going on for a decade plus and whether there was a new law. Interim City Manager Dan Pennington explained that in his prior City, transfers were made from the water and sewer fund into the general fund to pay for overhead, giving examples such as portions of the finance director and HR salaries but transferred about 3 million in Pasadena into the general fund and here it has been working backwards to plug holes. He mentioned that last year was a deficit and this year's issues are compounded by rate increases from BWA and Veolia and the meter payment. Ms. Oldham asked if a CFO had never caught this before? Finance Director Ashlee Hurst responded that in a recent meeting at City Hall, she explained the adopted budget last year included a deficit. She said the revenues and expenses looked fine until the transfer line was considered. She said she explained to the Council she is not comfortable doing that this way, this is not how it should be being done and this is how I propose we do it. She added that they are trying to build the budget based on that logic going forward and make the public aware. She also noted the water and sewer fund has an outstanding loan from the general fund from a few years back and that $150,000 of the debt obligation is repayment of that loan. Mr. Pennington said the fund is in a structural deficit and that if nothing changes, it will continue to get worse. He explained that enterprise funds are supposed to offset costs and typically make a return of around 3–4%, like they did in Pasadena. Ms. Oldham asked if there were any solutions other than raising water rates again by 10% or 20%. Mr. Pennington said Mr. Pena mentioned some options and that they would evaluate usage rates, Surfside's use, and what is available. Ms. Oldham said for 10–15 years, for whatever reason, they were pulling money out of the general fund to cover the water. Mr. Pennington said the debt mentioned by Ms. Hurst and said that last year they took money out again. He said previous surpluses had likely been whittled down because increases were not passed on to users. Ms. Hurst acknowledged that a rate increase is not popular and said that was not why it was being discussed. She said it was being discussed because it is going to continue to get worse if something is not done to fix it. Mr. Pennington noted that one of the City's financial policies requires the issue to be brought forward. He said just like Ms. Hurst said it is an uncomfortable conversation that we have to have and emphasized the importance of transparency. Ms. Oldham noted that 65% of Freeport's citizens are low income and knows difficult decisions will need to be made, but added also consider who are your constituents. She shared that years ago she attended the meetings for BWA and thanked Mr. Hayes for being their representative. She said that in 1987, all seven cities signed 50-year contracts and asked if Freeport could decrease the amount. She said she did not know if they could actually ask BWA to decrease the amount of water. Mr. Pennington said that Mr. Hayes mentioned it could be decreased, but said there may be disadvantages unless another City like Angleton wanted to increase their lot. She asked if that would be temporary, and noted that another drought is inevitable. She mentioned Dow Chemical's water rights to the Brazos River and said the Council needs to consider whether giving away any of their water is smart. She said the incident in May, when Gladio had a major leak, caused the City to go over its water use but added that is pretty rare from what she understands. She ended by thanking the Council for bringing the matter forward.

Councilman Pena said he had a comment following Ms. Oldham's question. He said at the end of last year's budget, the accounting was done incorrectly. He thanked the staff for bringing forward the tough news, saying, we can not fix it if we do not know what it is. He said it had been confirmed that the budget last year was not done properly and that it was not presented in a way that made the issue visible or understandable. He noted that an audit company is coming in to evaluate whether the City is in compliance and doing it all the right ways. He said he was surprised, yet again, as a Council member to be learning that auditors had flagged things, and they had not been reported to the Council. He added and if it was, this Councilman did not hear it. He questioned whether those same practices were illegal, but certainly unprofessional and lacking transparency were also used in other years prior. He asked if there had been any opportunity to audit or review those years, naming 2022–2023 specifically, and whether similar problems were found. He said that kind of fuzzy accounting is exactly why the Council is in its current position, because the issues were not caught early enough to make the right decisions. He added that he always say he does not know why previous staff just did not own up to your problems, that is a sign of leadership—owning up to the problems that you are responsible for. He thanked staff for bringing the issue forward and asked if it could be determined how far back those poor accounting practices occurred, and in which year, if the information was available. Finance Director Ashlee Hurst said yes, and she explained that when preparing to meet with the Council and present the educational infographic, she only went back two years due to time constraints. She said that she and the Chief felt it was very important to try to educate as someone not in the accounting world may not necessarily know how to read them when looking at those lines and maybe that is what happened last year but they did bring it up at that meeting saying last year was not right and will definitely go back and look at those other years. Councilman Pena said he would be curious to see the records going back to 2020, his first year on Council, and mentioned that the Mayor had been on Council in 2019. He also said he would like to know who the auditors were at the time and noted that the City moved not to use them again. He thanked staff for bringing the issues forward, stating we can not heal the wound unless we pull off the Band-Aid and see what is underneath.

Melanie Oldham said she has always been interested in City budgets and looks at them along with the audits every year. She said the auditors look at both the EDC budget and the City budget and have identified serious issues, such as lack of internal controls and material. She questioned how long these issues were allowed to continue without the Council being informed, and said a good CFO should have fixed these problems a long time ago like the City has now.

Councilman Pena asked whether the City CFO is now in charge of the EDC's finances. Finance Director Ashlee Hurst responded that she is able to review EDC financials and confirmed that their fund balance had been misstated, which she corrected and presented to the EDC Board around December. Councilman Pena asked whether there had been a pattern of misreporting at the EDC. Councilman Pena said he saw in the audience members were nodding, and said he wanted that included as part of the review. He emphasized the importance of shining a light on any mishandling and holding people accountable.

Pamela Dancy said that since the last meeting, she has begun to gain more confidence in Ms. Hurst's work.

She said in the past, Ms. Cathy had misled them on various things, such as not paying employee taxes, hiding money, and causing fines. Ms. Dancy said the situation is improving, and she feels they are finally seeing more transparency. She emphasized that the public can accept mistakes as long as the truth is told and appreciated the honesty from current staff. She said that in the past, transparency was lacking and brought up attending a trial herself, calling it wasted money. She complimented the current efforts and said she liked the interaction they were receiving from staff. Ms. Dancy also said she did not like when people compared Freeport to other cities without noting that Freeport is smaller and has less revenue. She said that while comparisons can be useful, they should be appropriately framed. She said she was glad Mr. Pennington was on board, appreciated seeing Mr. Duncan present, and referenced a false comment made about him at a previous meeting. She concluded by saying she appreciated what the staff were doing and thanked them.

Councilman Davis asked who the auditor turns the audit in to once completed, and who is responsible for relaying the message to the Council? Finance Director Ashlee Hurst responded that the auditors bring the audit directly to the Council and present it once it is complete. She noted that the audits are also available to the public and posted on the City's website for access. Councilman Davis said they are now getting a better breakdown and picture of what all of that means.

Mayor Cain closed the Public Hearing at 7:32P.M.

Business

Consideration and possible action approving a report by the City Secretary regarding a Petition filed on February 13, 2025 on behalf of the Freeport Police Officers Association, requesting a proposition be placed on the November 2025 ballot to be voted for or against to read: For or Against Adoption of the Fire Fighters' and Police Officers' Civil Service Law.

Interim City Manager Dan Pennington stated that on February 13th, 2025, the City Secretary received a petition from Hans Marticiuc on behalf of the Freeport Police Officers Association to include on the ballot of the next uniform election date, November 4th of 2025, a proposition to vote for or against the adoption of the Firefighter and Police Officer Civil Service Law. He said Section 143 of the Local Government Code states that a municipality may hold an election to adopt or repeal this chapter as provided by the section. He noted that Section B says if the governing body of the municipality receives a petition requesting an election that is signed by a number of qualified voters equal to at least 10% of the number who voted in the most recent municipal election, the governing body shall order an election submitting to the voters the question of whether the chapter should be adopted. He stated that the election must be held on the first authorized uniform election date prescribed by Chapter 41 of the Election Code that occurs after the petition is filed and allows sufficient time to comply with other legal requirements. He said staff recommended the accepting of the report by the City Secretary regarding the petition filed on February 13th of 2025.

Interim City Attorney Chris Duncan said he wanted to point out that under state law, whenever a petition is presented with the necessary signatures and the City population is over 10,000 people, it is not a choice but mandatory to order the election. He said he confirmed that with some other Cities with civil service agencies and also with the State that it is mandatory that you order the election once an acceptable petition is filed. He explained that the Council may still choose not to make a motion or vote against it, but at that point, court intervention might be necessary if someone files to require the election to occur. He added that the first sentence of the statute is misleading when it says the Council "may adopt that section," clarifying that in some circumstances the Council could adopt it without an election. However, if a sufficient petition is filed, the Council is required to order the election and let the citizens decide.

A motion was made by Mayor Cain to approve a report by the City Secretary regarding a Petition filed on February 13, 2025 on behalf of the Freeport Police Officers Association, requesting a proposition be placed on the November 2025 ballot to be voted for or against to read: For or Against Adoption of the Fire

Fighters' and Police Officers' Civil Service Law, seconded by Councilman Davis with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Matamoros voted "Nay".

<u>Consideration and possible action approving Ordinance No. 2025-2739 calling for a special election to be held on November 4, 2025 for the purpose of submitting to the qualified voters of the City of Freeport a proposition providing for or against the adoption of the fire fighters' and police officers' civil service law; providing for a joint election on November 4, 2025, with other entities contracting with Brazoria County for such joint election; providing for election precincts and polling places; providing for repeal; providing for severability.</u>

Interim City Manager Dan Pennington said the ordinance orders a special election for the City of Freeport to be conducted on November 4, 2025, for the purpose of allowing qualified voters to vote for or against the adoption of the firefighters and police officers civil service law. He said the ordinance outlines the procedures, ballot language, polling locations, and administrative requirements for the election. He stated that staff recommends approval of the ordinance calling the special election to be held on November 4, 2025, to submit to the voters the proposition regarding adoption of the firefighters and police officers civil service law pursuant to Chapter 143 of the Texas Local Government Code.

A motion was made by Mayor Cain to approve Ordinance No. 2025-2739 calling for a special election to be held on November 4, 2025, for the purpose of submitting to the qualified voters of the City of Freeport a proposition providing for or against the adoption of the fire fighters' and police officers' civil service law; providing for a joint election on November 4, 2025, with other entities contracting with Brazoria County for such joint election; providing for election precincts and polling places; providing for repeal; providing for severability, seconded by Councilman Rossow with discussion that followed.

Councilman Davis asked if the ordinance was required, and Interim City Attorney Chris Duncan confirmed yes, explaining that once the petition is filed, the Council must pass the ordinance to call the election as required.

Councilman Pena asked if the Council could table it for more time, and Interim City Attorney Chris Duncan responded that while tabling is always an option, there are election deadlines that must be met. He said he had not looked at the calendar but warned that delaying could risk missing ballot deadlines. He said he believed the deadline was 60 days out, which may allow the ordinance to be tabled and brought back at the next meeting, if that is what the Council wanted. Councilman Pena thanked him and said that was his next question, noting that the timetable would need to be reverse-engineered. He expressed concern about why the City was doing this at all and said he wanted to ask about tabling the first item but voted in favor out of solidarity with first responders. He reiterated his support for first responders but also emphasized the need to take care of the broader community. He said he had not heard a good reason from other municipal leaders about why civil service is needed in their cities. He said the Freeport Police Department unionized for good reasons due to frustration with the previous City leadership, which is now gone. Councilman Pena recalled that back in February, he requested a meeting with the Police Association and the petition representatives and asked again for such a meeting before deciding whether this is necessary. He said there is now new leadership in place, including Mr. Pennington and Ms. Hurst, and asked the Council to reconsider passing the ordinance and instead table it. He said there is still time to do so and requested a meeting with the association leadership and legal representatives from both sides to decide the best path forward. He emphasized the need to make responsible use of the time and not rush a critical matter. Mr. Chris Duncan responded that under state law and the City Charter, once a petition is turned in, there is a process by which individuals can withdraw their signatures. He said he did not know offhand if it was too late now that the petition had already been filed but noted that withdrawing signatures could be a possibility.

Mayor Cain said he echoed Councilman Pena's concerns, saying he had not spoken with many people who thought civil service was a good idea for Freeport. He clarified that voting to place the item on the ballot does not mean he supports the proposition, nor that he would advocate for it. He said it was a petition signed by the citizens of Freeport.

Councilman Davis said he had also spoken to officers from other Cities who did not think civil service was good for Freeport. He noted that the petition had already been submitted and that it would now be up to the citizens to decide.

Mayor Cain called the motion to a vote with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Matamoros voted "Nay".

<u>Consideration and possible action approving Ordinance No. 2025-2740 amending sections 48.320 and 48.321 of the Code, and adding section 48.326 to specify the due date of payments, implementation of a late fee, and disconnection fee, and disconnection dates and procedures to establish better practices.</u>

Finance Director Ashlee Hurst explained that the ordinance would provide the necessary provisions to establish clear and consistent utility billing practices within the department. She said that as the City continues to evolve the utility billing department, having these procedures set forth in the code would remove uncertainty. She said the ordinance would also allow for the creation of a Utility Billing Policy document that outlines all billing procedures, again leaving no room for confusion. She said the item stemmed from a previous review that revealed utility billing was not operating in line with current code. By approving the ordinance, she said indisputable billing practices would be put in place to improve future operations. She explained that while the ordinance establishes specific dates for current processes, there would be no change for customers as previously the dates are currently not specific in the code and they are left up to interpretation. She said her interpretation is different than what the current policies are. She said staff wished to establish this ordinance that sets forth the processes the way it is being done now. Ms. Hurst said this creates the black and white to establish accountability which is the main goal.

A motion was made by Councilman Matamoros to approve Ordinance 2025-2740 amending Sections 48.320, 48.321, and adding Section 48.326 as presented, seconded by Mayor Cain with discussion that followed.

Councilman Pena asked for clarification on due dates, late fees, and penalties. Finance Director Ashlee Hurst explained that bills are due on the 5th, while the code currently says the late fee could apply on the 6th, in practice it is not added until 4 p.m. on the 12th. A penalty notice is mailed on the 13th. If payment is not received by the 20th, a $40 fee is added, and disconnections occur on the 21st. She said this is how it has been done, and nothing is changing for customers. Interim City Manager Dan Pennington added that the ordinance simply aligns the code with current practice. Mayor Cain added none of the fees are increasing. Councilman Pena emphasized that he appreciated the seven-day grace period.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

<u>Consideration and possible action to set the public hearing for the Fiscal Year 2025-2026 Budget.</u>

Finance Director Ashlee Hurst said staff recommended holding the public hearing for the fiscal year 2025–2026 budget on Tuesday, September 2, 2025, with adoption on the same date. She stated that on July 21, the Interim City Manager and Finance Director presented the proposed budget for FY 2025–2026, and it was filed with the City Secretary and posted on the city website as required by Local Government Code Section 102.005. She explained that per Section 102.006 of the Local Government Code, the City must hold a public hearing on the proposed budget, allowing any person to attend and participate. She said the governing body must set the hearing for a date after the 15th day the budget is filed with the Municipal Clerk, but before the date the governing body adopts the tax levy. She confirmed that the notice of the hearing was published in compliance with Section 102.005(b) of the Local Government Code.

A motion was made by Councilman Matamoros to hold a Public Hearing for the Fiscal Year 2025-2026 budget on Tuesday, September 2nd, 2025, seconded by Councilman Davis with discussion that followed.

Councilman Pena discussed the scheduling of the public hearing for the budget. He noted that the second is on a Tuesday due to Labor Day falling on Monday. Finance Director Ashlee Hurst said September 1 is a holiday and this had been approved earlier in the meeting. Councilman Pena expressed concern that attendance and participation are typically much lower immediately following a holiday. He asked if there was still time to hold the hearing on a later date. Finance Director Ashlee Hurst recommended holding the hearing on September 2 as planned, stating that if another meeting was needed, the Council could regroup. She noted that the public has had more input during this budget cycle than in past years, so it may not be necessary. She reminded the Council that the budget must be adopted by September 15.

Mayor Cain agreed that there was no need to wait until the last minute if it could be avoided. Councilman Pena asked if they could hold a special meeting, noting that such meetings had been held before.

Mayor Cain called the motion to a vote with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Pena voted "Nay".

<u>Consideration and possible action to approve Resolution No. 2025-2942 amending the City of Freeport's Investment Policy.</u>

Finance Director Ashlee Hurst stated that Chapter 2256 of the Texas Government Code, also known as the Public Funds Investment Act, requires an annual review of the City's investment policy and a resolution approving any changes. She explained the only proposed change was to update the list of authorized investment officers to reflect current positions. Specifically, it would remove the Assistant Finance Director position and replace it with the Staff Accountant position. She stated the purpose of the investment policy is to provide direction for investing City funds and to comply with Chapter 2256 of the Texas Government Code, which requires entities to adopt a written investment policy covering funds under their control. The policy outlines methods, procedures, and practices to ensure effective and judicious fiscal management of City funds. Staff recommended approval of the resolution.

A motion was made by Councilman Matamoros to approve Resolution 2025-2942 amending the City of Freeport's Investment Policy as presented, seconded Councilman Rossow with discussion that followed.

Councilman Pena asked why a Staff Accountant was being added as an authorized investment officer. Finance Director Ashlee Hurst clarified that the change did not affect any bank signatories. She explained that the Staff Accountant is a designated investment officer who has the requirement of taking a ten-hour training and assists her in preparing investment reports. She added that the Assistant Finance Director position no longer exists. Councilman Pena asked if the change would impact bonding requirements for the accounting department. Ms. Hurst responded that the Staff Accountant has no access to bank accounts or financial decision-making authority and only assists with reporting. Councilman Pena then asked if the CFO and City Manager are bonded currently? Ms. Hurst said yes, and the City Secretary were properly bonded. Ms. Hurst said yes, and indicated the amounts were approximately $200,000 for the City Manager, but she would double-check.
Councilman Pena said he recalled a previous conversation during the Covarrubias incident, when it was discussed that bonding levels for the City Manager and CFO needed to be $1 million. Ms. Hurst said that was not the directive she was given but agreed to verify.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

<u>Consideration and possible action approving Ordinance No. 2025-2741 for Budget Amendment #1 for Fiscal Year 2025.</u>

Finance Director Ashlee Hurst stated that the amendment offsets expenditures through excess revenues in the General Fund, resulting in a net zero overall impact. She explained the amendment also allocates carryover project costs from various funds. She said in the Main Street Department, including a transfer of excess salary from the Museum Manager position to the Main Street budget for the remainder of the fiscal year. In the Municipal Court Department, she said additional expenses are being added to the credit card fee line item because those charges had previously been expensed to the wrong department. She identified and corrected the mistake, noting that the department did not originally have enough budgeted for that item. The additional expense will be offset by excess revenue and miscellaneous income. In the Emergency Management Department, funding is being added to cover a fuel-related charge, also offset by excess revenue and miscellaneous income. Ms. Hurst noted that the Facilities and Grounds Fund needs to allocate the City match amount for generator grants approved by Council on June 2. The amendment also allocates rollover project costs for the Fire and Golf departments from the 2023–2024 budget year. Some of these expenses will be offset by excess revenue and interest income, with the remaining balance covered by the fund balance and the State and Narcotics Chapter 59 Fund this amendment also allocates the City's overage for the Ballistic Shield Grant and Vehicle Radio Grant that Council approved on February 18. Most of those costs can be offset by excess revenue and interest income; the rest will be covered by the fund balance. For the Water and Sewer Fund, the amendment allocates grant expenses to the fund and offsets those expenses with the grant revenue. In the Port Projects Fund, the amendment allocates rollover project expenses from FY 2024, including costs for the soccer field, port lift station, and wastewater treatment plant improvement project. These expenses will be offset by the fund balance. Additionally, it includes a request to move the port lift station overage project cost from the Vehicle Equipment Fund to the Port Projects Fund, as approved by Council on May 5. She recommended approval of the budget amendment ordinance.

A motion was made by Councilman Matamoros to approve Ordinance No. 2025-2741 for Budget Amendment #1 for Fiscal Year of 2025, seconded by Councilman Davis with discussion that followed.

Mayor Cain said normally toward the end of the year there is a cleanup budget amendment and assumed this was that type of amendment. Finance Director Ashlee Hurst agreed and said there would likely be one more as they get closer to year-end. Mayor Cain said it was impressive that this was the first amendment of the year and credited staff for that accomplishment.

Councilman Pena stated the reason this is the first amendment so late in the year was likely due to staff turnover and the need to clean house. He asked what the total amount of overages was for the Museum Manager's salary. Finance Director Ashlee Hurst said $20,000 was being moved from the Museum to Main Street, with that $20,000 spread across various Main Street line items.
Councilman Pena then asked what the total dollar amount would be if all the money used in the amendment were put back into the General Fund before any allocations. Ms. Hurst responded that for the General Fund, that amount would be $50,270. Councilman Pena asked whether all the departments listed-including Municipal Court, Emergency Management, Facilities and Grounds, State Narcotics, Water and Sewer, Port Projects, and Vehicle Equipment—were sharing in that $50,000. Ms. Hurst clarified that the $50,270 was just for the General Fund, not all funds involved. Councilman Pena expressed concern, asking how much was being used to fill in gaps due to mismanagement, shortages, or unforeseen expenses. He referenced a recent discussion a big "whoopsie" on the water issues and said that hearing there may be another amendment soon raises red flags. Ms. Hurst responded that she would call them "whoopsies," but rather a result of grant projects and rollover items not being budgeted as encumbrances. She emphasized that much of the amendment was for items the Council had already approved. Councilman Pena said he had confusion about why a formal budget amendment was being done if the Council had already approved the projects. Ms. Hurst clarified that although Council had approved the projects, the amendment was necessary to formally adjust the budget. Interim City Manager Dan Pennington said particularly in cases where construction or other expenses exceeded the original budget. The amendment reconciles the differences between what was budgeted and the true costs. Councilman Pena referred to page 225 of the agenda and asked how much was being allocated to the Museum? Ms. Hurst responded that $20,000 was being taken

from the Museum and used to cover Main Street costs. Councilman Pena continued down the list for Municipal Court and asked if it was $30,000? Ms. Hurst confirmed that $30,000 was being added to the Municipal Court, $20,000 to the Service Center, $14,000 to Parks, and $192,000 to Fire. Ms. Hurst confirmed all those amounts and explained that the Fire amount included local matches for generator grants and a rollover project from FY 2024.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Consideration and possible action awarding the bid to Mallard Underground Utilities, LLC for the Insta-Valve Installation project.

Public Works Director Rudy Ragle recommended awarding the bid for RFP No. 2025-03 to Mallard Underground Utilities, LLC for the installation of Insta-valves at various locations throughout the City. The City received four bids: Branch Construction Group ($358,944), Mallard Underground Utilities, LLC ($246,280), Mercer Construction ($346,550), and Metro Engineering ($800,000). Mr. Ragle explained the project is partially funded through a CDBG grant from the county and the City submitted an application for $220,000 with $8,000 of that being City match funds and the Council will reimburse the City $212,000. The project will install 19 valves that will isolate the water system to reduce the interruption of service during emergencies.The valves will be used for the betterment of the City's entire water system, as currently a large group of customers have water interruptions to repair a leak because we cannot currently isolate the area. Mr. Ragle said the financial impact for this is for $246,280 of which the County will reimburse $212,000. This will leave the City with a total amount of $34,280 to fund. Staff is proposing this amount be reallocated from the Sewer Line Replacement Project SSOI project in the Utility Bond-Fund #67

A motion was made by Councilman Matamoros to award the bid to Mallard Underground Utilities, LLC for the Insta-Valve Installation project, seconded by Councilman Rossow with discussion that followed.

Mayor Cain asked whether the valves would allow the City to isolate specific leak areas instead of shutting down water citywide, and staff confirmed this was the purpose of the design.

Interim City Manager Dan Pennington asked if the City had previously worked with Mallard? Mr. Ragle replied yes, both the City and Veolia had used the company.

Councilman Pena asked whether Veolia was required to handle such work under the current agreement. Mr. Ragle responded it was a public bid and staff also confirmed that Mallard's references, bonding, and insurance were verified.

Councilman Matamoros asked if the Sewer Line Replacement Project was complete. Public Works Director Rudy Ragle explained the financial payout was complete, but some warranty work remained. Finance Director Ashlee Hurst said she noticed in the finance reports she noticed that there was leftover money in this project and so that is why she recommended to reallocate that portion from it. Councilman Matamoros asked if it was not complete yet and still doing warranty work? Mr. Ragle said there is a little bit of warranty work left to do. Councilman Matamoroos stated he had a resident issue in his ward unresolved for over a year and wanted to ensure funds were not closed out prematurely. Mr. Ragle replied the issue had been documented and given to the engineer.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

Consideration and possible action approving the proposed 2025 Annual Street Lighting Plan.

GIS/Property Manager Laura Cramer addressed the proposed 2025 Illumination Light Plan with CenterPoint for street lights. She explained that staff, along with police and night patrol input, identified dark areas, with only one additional location added based on their feedback.

A motion was made by Councilman Matamoros to table this item, seconded by Councilman Pena with discussion that followed.

GIS/Property Manager Laura Cramer noted the item was not time sensitive. Mayor Cain stated the next meeting was scheduled for August 18th, and encouraged members to review the map and provide input on possible additions or removals.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion to table this item.

Consideration and possible action to approve contract renewal for Disaster and/or Storm Monitoring Services Rostan Solution, LLC, and authorized the Mayor to sign the contract after review by the attorney.

Fire Chief Chris Motley stated that this item concerns an extension of a five-year contract. He explained that the City initially entered into a three-year agreement with Rostan Solutions LLC, which was then renewed for an additional two years. The contractor also has the option to include a CPI adjustment. Chief Motley noted that in his 15 to 20 years, this is one of the rare times he has had to bring the CPI adjustment before the Council, as normally the Mayor would sign the next agreement and the process would continue smoothly. He shared that Rostan Solutions requested in writing to move forward with the final two years of the existing contract, including a 5% CPI increase based on the last three years. The supporting data was included in the Council's packet. Chief Motley recommended authorizing the extension of the two-year contract with Rostan Solutions LLC for disaster and storm monitoring services, including the requested CPI adjustment.

A motion was made by Councilman Matamoros to approve contract renewal for Disaster and/or Storm Monitoring Services to Rostan Solution LLC, seconded by Councilman Davis with discussion that followed.

Councilman Matamoros asked about the CPI listed in the packet a cumulative increase of 9.1% and questioned whether the requested 5% was mandatory. Fire Chief Chris Motley explained that the 5% is a partial request based on the companies like this during disaster know they can deliver the services what they are stating at the time use to market. Chief Motley said there was no comparison made with surrounding cities, and the contract was originally awarded through an RFP based on financials, experience, and other factors. Interim City Attorney Chris Duncan said the CPI is established by the federal government for the area, and differences in CPI between companies are due to contract timing. It was clarified that the contract pertains to debris monitoring. FEMA requires both a debris removal company and a separate monitoring company to be under contract for reimbursement. He said one of the debris monitoring companies has gone out of business, leaving only one option during hurricane season. Under the contract, CPI increases can be requested annually, but the company did not request them each year. Instead of the full 9%, they are requesting 5%. Given the timing and the City's current dependence on the company, the 5% request was described as generous and acceptable. Mr. Duncan confirmed he reviewed the extension and found it acceptable. He had discussed it with Mr. Pennington and Chief Motley and all agreed to recommend the extension to the Council due to the ongoing hurricane season.

Mayor Cain added that during Hurricane Beryl, the City's debris was cleared more quickly than neighboring cities. Fire Chief Chris Motley said Rostan, the contractor, is still helping with reimbursement, has responded to invoice issues, and provides daily tracking, including locations, photos, and electronic data. This system allows the City to verify work, respond to complaints, and submit accurate information for reimbursement. The service was described as very valuable.

Councilman Pena thanked the Fire Chief Chris Motley for getting the item on the agenda and asked whether

Rostan was assisting with invoicing and ensuring the work was completed properly. He also asked if Rostan was involved with FEMA reimbursement. Chief Motley responded that the City handles FEMA submissions, but Rostan provides checks and balances, including reviewing invoices and landfill documentation to avoid issues when submitting for reimbursement. He also explained Rostan reviewed weigh master data after additional debris hauls to ensure consistency before submission to FEMA's Denton office. Councilman Pena then asked if there was a percentage available showing what had been reimbursed so far, particularly regarding Hurricane Beryl. Chief Motley said those numbers were with Finance. Councilman Pena noted concerns raised late last year about FEMA's viability in issuing reimbursements. Councilman Pena questioned FEMA's viability going forward, given federal cuts. Interim City Manager Dan Pennington responded that while FEMA has experienced cuts in grants and staffing, debris removal and reimbursement are considered essential and unlikely to be eliminated. Chief Motley added that FEMA has historical significance, having been around since the late 1800s under the Treasury Department, and emphasized the uncertainty depends on developments in Washington. He recounted prior chaos during the shutdown of the American Firefighter Grant program, when he could not reach his grant specialist in D.C. for two weeks, but noted operations resumed within a few weeks. He stressed that FEMA was enforcing existing policies and much depends on federal policy decisions this fall. However, he could not give a definitive answer about FEMA's future direction. Councilman Pena reiterated his interest in knowing the current reimbursement percentages. Finance Director Ashlee Hurst responded that those numbers would be available in the financial report at the next Council meeting. She believed the City had expended funds in FY25 and possibly reached around 2.5% in FY24, though that was not certain. For debris management, the City receives 100% reimbursement, while other activities are reimbursed at 75%. It was explained that after CRC approval, submissions go to FEMA, and then to the state level, where the reimbursement is processed. Once it reaches the Texas level, the City must re-justify all the projects before reimbursement is issued. Chief Motley noted that the process involves several auditors.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

<u>Consideration and possible action to approve contract renewal for Disaster and/or Storm Recovery Services Ashbritt, Inc (Primary), Ceres (secondary), and authorize the Mayor to sign the contract after review by the attorney.</u>

Fire Chief Chris Motley recommended the extension of this contract, similar to the other contract, for the next two-year period under the five-year award period. Each company has requested both a renewal and a CPI increase. The CPI increase for AshBritt is 8.5%, and for Ceres, it is 2.3%. However, it was explained that when applied to actual service fees like per cubic yard charges for hauling vegetation, construction, or demolition debris—AshBritt still remains the more cost-effective option. This holds true even with the higher CPI increase and reflects pricing from the original bid based on the Houston rate. AshBritt chose to apply the CPI resulting in the 8.5% cumulative increase, while the other company applies it annually, explaining the difference. It was emphasized not to let the CPI percentage alone be misleading, as the actual cost per yard and typical usage metrics still show AshBritt ahead.

Interim City Attorney Chris Duncan also noted that having two contract options is a strategic advantage, especially in storm situations. At the time of need, the City can evaluate availability, equipment, and resources from both companies and choose accordingly. Chief Motley was credited with the foresight to secure more than one provider, as many cities only contract with one. Fire Chief Chris Motley said Texas VP for AshBritt, based in Katy, is highly responsive—even when managing projects in other parts of the country, and is already assisting with evacuation planning, including charter bus arrangements. The company has maintained its institutional knowledge as a family-run business, which was a factor in their strong interview performance during the selection process.

A motion was made by Councilman Matamoros to approve contract renewal for Disaster and/or Storm Recovery Services with Ashbritt incorporated as a primary, Ceres as a secondary, seconded by Councilman

Rossow with discussion that followed.

Mayor Cain asked if one of the two companies helped with the cleanup after Hurricane Beryl. Fire Chief Chris Motley confirmed that AshBritt handled Beryl as well as Hurricane Nicholas, which was not a reimbursable event. AshBritt came in and helped get the City caught up, including addressing delays caused by Waste Connections. They completed the full City cleanup at that time, which cost around $200,000. Vegetation was burned, hauled to the landfill, and C&D debris was taken straight out. They also addressed unhealthy curbside issues during that period. Mayor Cain expressed approval of the relationship. Interim City Manager Dan Pennington said that AshBritt was used in his previous City and performed well. Chief Motley recalled that while the County tried to pull AshBritt away during that time, the company stayed committed to the City of Freeport, honoring their contract and prioritizing the City. Mayor Cain said that speaks a lot about their reliability.

Mayor Cain called the motion to a vote with all present and voting "Aye" 5-0. The Council unanimously approved the motion.

<u>Discuss and Take possible action on Ordinance 2022-2672- and 2023-2820</u>

Councilman Pena introduced the agenda item to amend ordinance 2022-2672, requesting that the number of council members required to place an item on the agenda be changed from two back to one. He also referenced recent changes in the law concerning timetables and deferred to the City Attorney for clarification. Additionally, he proposed that agenda items voted upon should be eligible for reconsideration after 30 days instead of three months, and that items not acted upon would not be disqualified from the next meeting. He further addressed Resolution 2820, emphasizing the need to restore work sessions as a standard agenda item, rather than requiring special requests, and reiterated the importance of residents being allowed their full four minutes for public comment beyond just the beginning of the meeting.

Interim City Attorney Chris Duncan stated he had to contradict Councilman Pena's opinion briefly and accepted some blame, noting that the actual word-for-word request for both items should have been on the agenda, and he should have caught that. He explained the actual request by Councilman Pena and Councilman Davis was to change the requirement so that one Councilman could put something on the agenda by themselves, without requiring two Councilmen, reverting to the procedure before the ordinance was passed. He noted that the second ordinance includes provisions regarding workshops, and the request was for one Councilman to be able to request an item be placed on either the action agenda or the workshop agenda. He clarified that these were the only issues before the City Council, and any other proposed amendments would need to come back at a later date. In response to the request, he drafted a proposed ordinance to amend 2022-2672, stating that placing something on the agenda whether it is an action item or it is a workshop item, would only require one Councilman. No change was needed to 2820, as it only refers to following the procedure in 2672. He said that the only proposed change was reducing the requirement from two Councilmen to one, for placing items on the agenda. From a legal standpoint, he warned that requiring two Council members could risk violating open meetings laws, since a quorum of three Council members cannot discuss City business outside a meeting. He explained that contacting more than one other Councilman risks forming a quorum and could potentially violate the law. He noted there are alternative ways, such as sending out a request and letting others respond to the City manager, but overall, requiring more than one Councilman tempts the push toward a violation. Mr. Duncan clarified that the Council can legally choose whether to require one or two Councilmen, and stated that while he wrote the first ordinance at Council's request, later versions were by Mr. Olson. He emphasized again that the Council has the legal right to decide on the procedure. He concluded by committing to review agendas more carefully in the future to ensure clarity.

A motion was made by Councilman Matamoros to table this item to the next meeting with the correct information to discuss, seconded by Councilman Rossow with discussion that followed.

Mayor Cain stated he agreed and reiterated that they had said before this was something they wanted to talk about on the agenda. He mentioned that Councilman Pena had gone far enough to reference specific agenda-related sections, but those specific sections were not provided. Councilman Davis noted that the explanation had already been broken down and that it only required one Councilman to put an item on the agenda, as the rest was already addressed. Mayor Cain asked Councilman Daivs if he knew that before the meeting, for clarification. Interim City Attorney Chris Duncan clarified that Councilman Pena and Councilman Davis's request was very specific and in writing, stating clearly that they wanted to eliminate the requirement of two Council members and change it to one. Previously, the agenda item had been about voiding the entire ordinance, but this request was correct and targeted applying to both action and workshop items. There was no defect in their request. Mr. Duncan said he did not know if they were saying they wanted the old ordinance provided to compare with the new one. Mr. Duncan stated that the new ordinance should have been in the packet, though it was unclear if staff had included the old ordinances. Mr. Duncan said he had spoken with Mr. Pennington about staff providing comparison documents. Mayor Cain stated he did not have the new ordinance in the packet. Mr. Duncan confirmed that a new proposed ordinance had been prepared. Councilman Pena asked whether the new ordinance document was Exhibit A? Mayor Cain read the packet that said any requests made by the Mayor or two Council members for any items to be placed on a regular council meeting agenda. Councilman Pena said that in the past, ordinances or resolutions had been drafted after the fact, and that this process had been followed before. He emphasized the request was simple to prevent open meetings violations and allow each Council member, like others in Brazoria County, to put items on the agenda to represent their districts and why Freeport operated differently, stating the reasons were well known and historic. He said the request now was about moving in a new direction and acting in good faith, especially with improvements in leadership and staff taking more responsibility. He said there was less need for hand-holding and silencing, and remarked, "if you have to babysit the babysitter, it is time to replace the babysitter." He concluded by saying the goal was more transparency and better communication, which was the spirit of the proposed change.

Councilman Rossow asked if the lawyer said it was not written right? Interim City Attorney Chris Duncan explained that Councilmen Davis and Pena made a specific request, and he drafted an ordinance to match it. However, it apparently was not in the packet. Mayor Cain said that the current rule requires two Council members to place an item on the agenda and gave an example if Councilman Davis calls another Council member and is declined, then calls a third Councilman to ask again, it creates a discussion between three members, which constitutes a walking quorum. He confirmed that even with a one-person rule, that scenario still creates a quorum and is a concern. He described the process that has been done: an email is sent to all Council members requesting an agenda item and asking for a second, with a note saying not to "reply all" to avoid a walking quorum. If one Council member responds individually to the requester and City staff (not to the full council), it stays within the rules. Mr. Duncan said that with a phone call example: if Councilman Davis calls Councilman Rossow and explains why he wants something on the agenda—like more streetlights—it allows for dialogue and possibly changes opinions, which is not possible with an email. If one Council member could place items on the agenda, the issue would be avoided.

Councilman Davis emphasized that Council members are elected officials, the voice of the people, and should not be treated otherwise. He said in most cities, Council members do not need a second to request an agenda item. If the current proposal was not right, he asked to be told exactly what was wrong so it could be corrected and brought back next week because they are going to go by the book and affirmed that they have the right to make changes. He insisted on clarity moving forward and said he would not continue being told after the fact that something was wrong or incomplete. He stressed the role and rights of Council members to put agenda items forward, especially when requested by constituents. He said if another member disagreed with a topic, that was fine, but it should not prevent the item from being placed on the agenda. He concluded by restating that was why the change was being proposed.

Councilman Rossow addressed the Mayor with a comment, asking if items 2023 and 2820 say the same thing. Interim City Attorney Chris Duncan clarified that 2820 refers to workshop and 2672 to action item agenda. Councilman Rossow asked which one was wrong. Mr. Duncan responded and said that neither are wrong and both require two council members. The proposed change would allow one Council member to put something on the agenda, whether it is an action item or workshop.

Councilman Davis asked if something was sent in correctly and appeared correctly on the agenda, but was spoken about incorrectly. He emphasized that you can not go by what someone says, but by what was actually turned in. If the submission was right, it is not the Council's fault if someone typed it wrong.

Mayor Cain called the motion to a vote with all present and voting "Aye" 2-3. Councilman Pena voted "Nay". Councilman Davis "Nay". Councilman Rossow voted "Nay". The motion to table this item failed.

A motion was made by Councilman Pena to approve the change as documented in the agenda to allow one Councilman to put something on the agenda either actionable or workshop, seconded by Councilman Davis with discussion that followed.

Councilman Davis asked if it had been clarified and said they were just doing that one change. Councilman Matamoros said that is not what was stated he said Councilman Pena stated he wanted to change it to one, change to 30 days. Councilman Rossow said all four of the Council members want one and nobody wants two. Councilman Matamoros explained he wanted to table the item because he wanted to see what the ordinance actually says. He said the agenda item did not include the new ordinance showing what was being proposed. He asked if all agenda items are reviewed by legal before going out. Interim City Manager Dan Pennington said yes sir that is correct. Councilman Matamoros said if it was reviewed by legal and now legal saying that is incorrect. Councilman Pena said he does not know why they are hashing what they were debating 20 minutes ago. Councilman Matamoros said this is why they changed it, to have two people because they could not even agree. He said he understands that involving a third council member creates a walking quorum, and understood the reason to change it to one. He said now he is supposed to read people's minds on what they are going to talk about and said this is a farce.

Councilman Davis asked if they could read the email that was sent in and wanted to know what it said. Interim City Attorney Chris Duncan said if the Council votes to allow one Councilman to request items be added to the agenda, it is legal and sufficient under the agenda item description. He said agenda wording was similar to the last time, but the type of action was different. It was explained that the previous time, the vote was to eliminate the ordinance, and that was legal then and this action would also be legal, if the majority votes that way tonight.

Mayor Cain called the motion to a vote with all present and voting "Aye" 3-2. The Council approved the motion. Mayor Cain voted "Nay". Councilman Matamoros voted "Nay".

Discuss and take action to elect a Mayor Pro Tem pursuant to the City Charter Section 3.05

Councilman Davis stated he placed the item back on the agenda because the Council had gone over a year without selecting a Mayor Pro Tem. He cited City Ordinance 3.05 and encouraged everyone to read it themselves. He explained the charter states the Council shall select a Mayor Pro Tem at the meeting following the election, which did not occur. He said the reason given at the time was that Councilman Pena was under indictment and might take a plea deal or go to jail, but that did not happen. He stated the Council should not delay appointments for personal reasons, and that Councilman Pena was the only qualified member at the time, as the charter requires two years of Council service. He said the failure to vote then was, in his opinion, a violation of the charter. He reiterated that as of May 13, 2024, Councilman Pena was the only one qualified and the Council did not vote. Now, over a year later, there is still no Mayor Pro Tem, and he asked that a vote be taken.

Mayor Pro Tem qualifications were confirmed: Councilman Pena has five years of experience, Councilman Davis approximately one and a half, Council members Rossow and Matamoros each have two.

Two motions were made, which were: 1. A motion was made by Councilman Davis to appoint Councilman Pena as Mayor Pro Tem. 2. A motion was made by Councilman Matamoros to appoint Councilman Rossow as Mayor Pro Tem.

After some back and forth over who spoke first. Interim City Attorney Chris Duncan advised that the person who placed the item on the agenda should be allowed to make the motion first, but that ultimately the vote would determine the outcome.

A motion was made by Councilman Davis to appoint Councilman Pena as Mayor Pro Tem, seconded by Councilman Pena with discussion that followed.

Councilman Davis commented that he selected Councilman Pena because it was the right thing to do and the previous failure to vote had been wrong. He stated this was an opportunity to make things right.

Councilman Rossow said that according to the charter, only Councilman Pena qualified at the time the vote should have taken place. Mayor Cain said that the current vote would apply moving forward.

Mayor Cain commented that when this issue first came up, it was his first day as Mayor and Councilman Pena was facing two felony charges. Since that time, Councilman Pena has gone to trial and been found not guilty. Mayor Cain stated that could no longer be used as a reason not to vote.

Mayor Cain called the motion to a vote with all present and voting "Aye" 4-1. The Council approved the motion. Councilman Matamoros voted "Nay".

Work Session

Councilman Pena Ward A announcements and comments.

Councilman Pena thanked Councilman Rossow, the Mayor, and Councilman Davis for sticking to the rules and stated that the vote reflected the spirit of positive change, including more transparency, professionalism, accountability, and trustworthiness at City Hall. He praised Mr. Pennington, Ms. Hurst, Chief Howell, and others in City staff and Police Officers for their contributions. He emphasized that being Mayor pro tem would not change his continued push for accountability and transparency, noting both he and Mayor Cain have perfect attendance at meetings. He joked that Mayor Cain will attend all meetings so Councilman Pena does not get to use the gavel. Councilman Pena said the vote should have happened long ago and expressed gratitude to residents who contributed to budget and water department discussions. He encouraged public engagement and said the budget cycle is critical to shaping the City's future. He noted a drastic improvement in responsiveness and professionalism since Mr. Pennington became Interim City Manager, with no questions left unanswered. He praised Mr. Pennington, Ms. Hurst, Chief Howell, and the Interim City Attorney for their work and said that although he has been one of the most outspoken critics, he recognizes their improvements. Councilman Pena concluded that accountability must remain a priority and shared that even though he previously wanted to remove staff, the goal was always to ensure quality leadership committed to shared values. He noted he had workshop-worthy items but received timely responses via email and is satisfied with the progress, while acknowledging more work remains. He closed by thanking everyone for their hard work.

Councilman Davis Ward B announcements and comments.

Councilman Davis thanked and acknowledged the presence of young men and women at the meeting, especially during budget time. He thanked Ms. Melanie for always being involved and emphasized the need for more citizens to care about the budget. He said a shift is happening in Freeport, noting improvements in responsiveness from the Interim City Manager, who replies within a day or two. He praised the Finance Director Ashlee Hurst for her transparency and said citizens are now seeing more open budget meetings than before. He said the change in atmosphere will be contagious and highlighted the professionalism of the new leadership, particularly Mr. Pennington, whom he described as a charter man who follows the rules. He emphasized that any changes must come from the Council, and once they do, the leadership will follow them by the book. He commended City staff, including Chief Howell, Chief Motley, and Mr. Ragle, and said there is undeniable change happening. Even if people do not like it, the change is real and based on rules and accountability. He said Mr. Pennington responds with receipts and backs things up with the charter. Councilman Davis ended by saying God is good, has sent god-fearing people to the City, and that the change coming to Freeport is unstoppable and part of God's will.

<u>Councilman Matamoros Ward C announcements and comments.</u>

Councilman Matamoros raised several issues. First, at 1706 West 8th, a meter was installed at a home that no longer exists and needs to be removed; the property owner contacted him with concern. Second, at Avenue L and Yellowstone, a concrete bump needs to be shaved down or saw cut and replaced, as it is worsening weekly. He stated the need to invite AmeriWaste and their leadership to a Council meeting due to worsening service issues. He observed garbage on the streets in his ward after trash pickup. Garbage cans are being left more than the required five feet from their original placement. He attempted to contact Ms. Janelle from AmeriWaste twice without response and believes the only way to get attention from her and the company is to have them appear and explain the declining service.

<u>Councilman Rossow Ward D announcements and comments.</u>

Councilman Rossow thanked all the citizens attending in person and watching online. He commended the State Department for the improvements to Brazosport Boulevard, saying it now feels like driving in another city. He then expressed concern about the entryway into Freeport, calling its condition terrible, horrible, and unacceptable, especially for visitors from other states. He noted that residents may overlook it due to familiarity, but newcomers notice it immediately. He pointed out that solar lights were removed at Avenue A and Velasco Boulevard without explanation and warned that drivers are speeding through the area after coming off the Velasco Bridge. He emphasized the need to reinstall lights, as the new stop signs are not visible at night, creating a dangerous situation. He closed by urging attention to this safety issue.

<u>Mayor Jerry Cain announcements and comments.</u>

Mayor Cain thanked everyone who came out and those who spoke to the Council about what was in their hearts, stating it means a lot and they do listen. He acknowledged that responses might not always be immediate but noted that Council members and staff, such as Mr. Pennington and Mr. Rudy, were taking notes, indicating action was taken. He commented on how nice it is to drive Brazosport Boulevard, sharing a recent experience driving home at 1:30 A.M. and appreciating the smooth ride and visible stripes. He acknowledged concerns that the asphalt might not last due to rain, potholes, or 18-wheelers, but said he will enjoy the highway while it lasts.

<u>City Manager announcements and comments.</u>

Interim City Manager Dan Pennington said it has been a pleasure working at City Hall with such a professional staff. He acknowledged several staff members present and others not in attendance who have done an incredible job, noting they are eager and hardworking. He announced that the new Main Street Manager started today and will be formally introduced at the next meeting. She has a degree in mass communications, has worked at Telemundo, and has a background in broadcast and print, bringing strong experience and energy to the role. He added they hope to announce a new building official soon.

<u>Executive Session</u>

Executive Session: Texas Government Code, Section 551.071: Consultation with Attorney: 1.) regarding Veolia and Contract Extension 2.) Police Department entering into a Memorandum of Understanding.

The Regular Session closed at 9:40P.M. and the Council entered into the Executive Session.

Reconvene into Open Session:

Take any action resulting from Executive Session.

Executive Session ended at 10:01P.M. and the Council went back into Regular Session.

A motion was made by Councilman Davis to authorize Chief Howell to sign the MOU to join the Federal Task Force, seconded by Councilman Rossow with all present and voting "Aye" 4-0. The Council unanimously approved the motion. Councilman Matamoros was not present for the motion.

Adjournment

Adjournment – Jerry Cain, Mayor

A motion was made by Mayor Cain to adjourn the meeting, seconded by Councilman Pena with all present and voting "Aye" 4-0. Councilman Matamoros was not present for this motion. Mayor Cain adjourned the meeting at 10:02P.M.

Jerry Cain

Jerry Cain, Mayor

Clarisa Fernandez, City Secretary

"EXHIBIT A"

CITY OF FREEPORT

FY2025-2026
UPDATED - PROPOSED BUDGET

1

Presentation prepared for Mayor & Council for 8/4/2025 meeting

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GENERAL FUND – OVERALL SUMMARY

	FY2022-2023 ACTUALS	FY2023-2024 ACTUALS	FY2024-2025 ADOPTED BUDGET	FY2024-2025 ESTIMATE	FY2025-2026 PROPOSED BUDGET
REVENUE TOTAL	$21,413,066	$21,458,191	$19,476,665	$22,042,573	$21,115,145
EXPENDITURES TOTAL	16,976,689	20,054,342	18,788,140	17,253,992	19,492,968
BEG. FUND BALANCE	5,496,040	6,933,321	7,340,233	6,533,030	10,759,946
REVENUE LESS EXPENDITURES	4,436,377	1,403,849	798,525	4,788,581	1,622,177
NET TRANSFERS	(2,999,095)	(1,804,141)	(561,665)	(561,665)	169,635
ENDING FUND BALANCE	6,933,321	6,533,030	7,577,094	10,759,946	12,551,758
90 DAY RESERVE	4,198,867	4,896,541	4,669,535	4,308,404	4,873,242
AVAILABLE FUND BALANCE	**$2,734,454**	**$1,636,489**	**2,907,559**	**6,451,542**	**9,856,059**

GENERAL FUND – REVENUE SUMMARY

	FY2022-2023 ACTUALS	FY2023-2024 ACTUALS	FY2024-2025 ADOPTED BUDGET	FY2024-2025 ESTIMATE	FY2025-2026 PROPOSED BUDGET	Increase / (Decrease)
Industrial Districts	$8,954,728	$9,423,021	$9,389,300	$10,545,561	$10,475,000	$1,085,700
Property Tax	3,167,166	3,397,417	3,370,000	3,455,000	3,415,000	45,000
Sales Tax	2,471,744	2,649,294	2,450,000	2,495,000	2,680,000	230,000
Charges for Service	2,306,951	2,444,863	2,224,200	2,752,400	2,575,250	351,050
Franchise & Other Taxes	724,988	713,297	715,000	696,000	689,000	(26,000)
Intergovernmental	1,756,606	633,846	152,000	564,312	165,000	13,000
Fines & Forfeits	191,086	233,483	222,600	251,050	230,050	7,450
Miscellaneous Income	759,070	1,254,199	215,000	581,050	268,500	53,500
Lease Income	60,876	17,012	175,765	173,000	134,545	(41,220)
Investment Earnings	481,374	553,846	300,000	370,000	330,000	30,000
License and Permits	538,477	137,913	262,800	159,200	152,800	(110,000)
Revenue Total	**$21,413,066**	**$21,458,191**	**$19,476,665**	**$22,042,573**	**$21,115,145**	**$1,638,480**

GENERAL FUND - REVENUE CHANGES

- Industrial District revenue was adjusted to proper allocation amounts
- Property Tax revenue is based on actuals with no tax increase
- Sales Tax was increased by 2% per Comptroller data *(City gets 1.5% and EDC gets .5%)*
- Charges for Service revenue was increased by 16% *(Golf & Ambulance biggest contributors)*
- Franchise & Other Taxes revenue decreased by 4% based on actuals
- Miscellaneous Income increased by 25% based on actuals
- Fines & Forfeits increased by 3% based on actuals
- Lease Income decreased by 23% to reflect the loss of the City Hall tenant
- Intergovernmental increased by 9% based on actuals for EMS Interlocal
- License and Permits decreased by 42% based on actuals
- Interest Income increased by 10% based on actuals *(Combined with the decreasing interest rates)*

Overall Revenue increased $1,638,480 over the FY2024-2025 Adopted Budget

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Transfers were updated by $19,635 to include the EDC transfer to supplement the Main Street Coordinator salary

Revenue projections did not change with this Proposed update**

GENERAL FUND – EXPENDITURE SUMMARY

	FY2022-2023 ACTUALS	FY2023-2024 ACTUALS	FY2024-2025 ADOPTED BUDGET	FY2024-2025 ESTIMATE	FY2025-2026 PROPOSED BUDGET	Increase / (Decrease)
Administration	$2,398,690	$2,804,664	$2,091,359	$1,946,642	$2,131,050	39,691
Information Technology	521,163	416,857	493,358	396,550	307,150	(186,208)
Municipal Court	278,525	249,065	260,830	269,336	256,905	(3,925)
Police / Animal Control	4,949,804	5,864,196	6,086,942	5,174,378	6,461,095	374,153
Fire	1,498,388	1,503,133	1,717,303	1,455,931	1,747,076	19,773
EMS	909,426	993,214	1,152,227	1,048,371	1,256,560	104,333
Streets / Drainage	1,447,827	1,454,419	1,456,908	1,436,699	1,569,205	112,297
Service Center	202,594	464,614	214,666	196,041	220,940	6,274
Beach Maintenance	30,745	7,959	42,850	26,694	42,850	-
Garbage	747,174	763,915	775,000	747,000	755,000	(20,000)
Building / Permits	278,817	279,323	478,502	411,325	491,359	12,857
Code Enforcement	452,232	399,495	356,227	334,729	419,740	63,513

GENERAL FUND – EXPENDITURE SUMMARY

	FY2022-2023 ACTUALS	FY2023-2024 ACTUALS	FY2024-2025 ADOPTED BUDGET	FY2024-2025 ESTIMATE	FY2025-2026 PROPOSED BUDGET	Increase / (Decrease)
Library	36,451	26,445	51,850	34,059	42,200	(9,650)
Parks	1,191,375	1,227,823	1,316,140	1,035,632	1,264,715	(51,425)
Recreation	350,601	329,216	525,869	349,686	488,381	(37,488)
Sr. Citizen's Commission	7,588	17,182	17,500	16,500	18,000	500
Golf Course	1,382,506	1,486,179	1,324,854	1,357,581	1,535,473	210,619
Historical Museum	292,785	211,006	343,230	262,899	332,419	(10,811)
Main Street	-	113,757	72,525	13,700	152,850	80,325
Emergency Mgmt	-	4,576	-	500	-	-
Hurricane Beryl	-	1,437,304	-	740,239	-	-
Expenditure Total	**$16,976,689**	**$20,054,342**	**$18,788,140**	**$17,253,992**	**$19,492,968**	**$704,828**

GENERAL FUND - EXPENDITURE CHANGES

- 3% cost of living raise was included for all departments *(PD Matrix also)*
- .09% increase in retirement benefits beginning 1/1/26
- 15% increase in group benefits based on consultant advice
- 5% increase for Property/General Liability insurance *(estimated increase)*

- ****No budget requests have been accounted for until Council submits their approvals*
- ****There is an estimated $1,622,177 available to allocate for requests*

- Main Street budget was updated with numbers not previously available yet
- Other department changes were due to the updated Group Benefits calculation

This is an expenditure increase of $189,213 from the previously presented budget

Overall expenditures increased $704,828 over the FY2024-2025 Adopted Budget

GENERAL FUND – CAPITAL EXPENDITURES VEHICLE & EQUIPMENT

- This will be represented by a transfer from the General Fund, if Council wishes to approve any projects.

This has not changed from the previous Proposed Budget

GENERAL FUND – CAPITAL EXPENDITURES STREETS & DRAINAGE

- This will be represented by a transfer from the General Fund, if Council wishes to approve any projects.

This has not changed from the previous Proposed Budget

DEPARTMENT BUDGET REQUESTS

- Administration
  - Finance – Move financial software to cloud hosting - $27,221
  - Finance – Project accounting module - $3,470 *(only available if we move to cloud)*
  - HR – TMRS Certifications for 2 employees - $3,000
  - HR – Personnel policy consultant - $3,000
  - Admin/PD – JustFOIA public info software - $10,314 + $1,007 one-time *(Will be split between Admin/PD budgets)*
- Building
  - Advertising line increase - $3,000
- Information Technology
  - No requests
- Police / Code
  - Combine PD and Code budget
  - 5.5% COLA - $175,000
  - Overtime increase - $120,000
  - Microsoft Office 2022 update - $11,670
  - Replace PD building camera storage - $12,000
  - Server relocation - $28,000
  - Replace office chairs - $10,000
  - 5 vehicle replacements (3 patrol, 1 CID, 1 animal control) - $475,000
  - Remove tower and surge protection - $30,000
  - Replace jail cameras - $5,000
  - Beach buggy replacement - $32,000 *(possible grant)*
  - LPR cameras - $63,000 + $84,250 *(possible grant)*
- Main Street
  - No requests
- Golf Course
  - Annual cart path repair - $10,000
  - Pump station platform - $10,000
- Water / Sewer
  - No requests

DEPARTMENT BUDGET REQUESTS

- Fire / EMS
  - Training overtime (Fire & EMS each) - $12,000
  - Tire replacement – fire engines - $13,000
  - 3 EMS personnel - $212,080
  - 3 firefighters/medics - $253,800 *(billable revenue of $168,000)*
  - New ambulance - $4,000 + $400,000
  - New fire engine - $7,000 + $980,000
- Streets
  - Concrete saw - $6,256
  - Vibratory plate compactor - $1,595
  - Jumping jack - $2,998
  - 15′ batwing mower - $29,000
  - Zero turn mower - $14,000
- Service Center
  - No requests
- Parks
  - Gator (ATV) - $15,000
  - Riverplace exterior metal coating - $30,000
  - Repair playground equipment - $20,000
  - Border and mulch playgrounds - $10,000
- Recreation Center
  - Annual pool contract - $10,000
  - Splash pad replacement - $10,000
  - Rec center exterior metal coating - $30,000
- Museum
  - Museum manager raise - $10,000
  - Museum staff raises above COLA - $10,000
  - Advertising line increase - $9,000
  - Generator - $5,000
  - Central dehumidifier - $5,000
  - Renovate museum storage room - $15,000
  - Fire suppression system - $45,000

BUDGET REQUESTS

	Recurring:		One-Time:
Grand Total of All Requests:	$929,885		$2,346,776
Available Resources to Allocate:		**$1,622,177**	

ENTERPRISE FUND – EDUCATIONAL INFO

EDUCATIONAL INSIGHT:

- An Enterprise Fund type should sufficiently operate solely on charges for services
- The fund type operates like a business
- The fund operates on a working capital basis – better understood as it operates on a cash basis
- A deficit in an Enterprise Fund indicates a problem with their operations or pricing
- The General Fund generally should not make a transfer to cover operating deficits

RELATIVE LEGISLATION:

- GASB 34 states that user charges be set at a level sufficient to cover the cost of providing the service
- Texas Constitution Article III, Section 52(a) generally prohibits cities from giving away water service below cost or for free

ENTERPRISE FUND – EDUCATIONAL INFO

RELATIVE CITY POLICY LANGUAGE:

- *The City's Financial policy section XII – Operating Budget:* Develop and maintain a balanced budget that presents a clear understanding of the goals of the City Council.
- *The City's Financial policy section III. Fund Balance/Working Capital/Net Assets B. General Policy:* Fund balance should be used only for non-recurring expenditures, major capital purchases, or emergencies that cannot be accommodated through current year savings.
- *The City's Financial policy section I. Revenues B. User Fees:* For services that benefit specific users, where possible, the City shall establish and collect fees to recover the cost of those services. Where feasible and desirable, the City shall seek to recover full direct and indirect costs. City staff should review user fees on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure and to recommend adjustments where necessary to facilitate City Council's policy decision regarding the level of support to be provided.
- *The City's Financial policy section I. Revenues D. Funds User Fees:* Enterprise funds user fees shall be set at levels enough to cover operating expenditures, meet debt obligations, provide additional funding for capital improvements and provide adequate levels of working capital and debt coverage. The City shall seek to eliminate all forms of subsidization to enterprise funds from the General Fund and seek to reduce general fund support to enterprise funds.

ENTERPRISE FUND – EDUCATIONAL INFO

WHAT DOES THIS MEAN FOR THE CITY:

- Transferring from the General Fund to cover the deficit potentially violates the Texas Constitution Article III
- Transferring from the General Fund to cover the deficit potentially contradicts GASB 34
- The billing rates have not changed since the last adjustment September 1, 2023
- The BWA costs increased last year by 14.14%, a total of $378,760
- The BWA costs will increase 7.83% this year, a total of $262,800 in FY2026
- The Veolia costs increased last year by 18.09%, a total of $474,873
- The Veolia costs will increase by an estimated 3% this year, a total of $100,000 in FY2026
- Total BWA increase in costs since last rate adjustment is 21.97%, totaling $641,560
- Total Veolia increase in costs since last rate adjustment is 21.09%, totaling $574,873
- Combined increase in costs since last rate adjustment totals $1,216,433
- A rate increase is recommended to increase revenues to offset the increased expenses from BWA and Veolia

ENTERPRISE FUND – RATE ADJUSTMENT

RATE INFORMATION:

- Staff reviewed neighboring cities for comparative purposes
- Freeport remains one of the cheapest utility bill
- Other cities have seen steady increases due to rising costs
- We have operated without increasing rates, but it is not sustainable to continue to do so

	Oyster Creek	Freeport	Clute	Lake Jackson	Angleton	Richwood
Water - Base	19.08	18.47	14.77	17.62	33.61	37.53
Water - 2,001-11,999	5.25 (over 2,000)	6.38	4.86 (up to 10,000)	6.36	12.33 (over 2,000)	6.14 (2,000-19,999)
Water - Over 12,000		8.40	5.41 (up to 20,000)	7.22 (over 20,000)	12.90 (over 10,000)	6.39 (over 20,000)
Sewer - Base	.80 per total of water	14.03	14.77	19.04	18.08	28.50
Sewer - 2,001-Unlimited		4.84	4.86 (up to 10,000)	6.88	3.97 (per 1,000)	4.95 (over 2,000)
			5.41 (10,001 and over)			
Garbage	Unknown	20.00	24.09	27.50	23.10	21.90
Bill based on 3,000 gals	**53.24**	**63.72**	**68.21**	**77.40**	**99.03**	**99.02**
	Last changed 10/3/24		Last changed: Unknown	Will increase 10/1/25	Increased 4/1/25	Last changed 10/1/23

ENTERPRISE FUND – RATE ADJUSTMENT

RATE INFORMATION:

- Staff prepared a proposal of 10% and 20% increase for comparative purposes
- The rates will need to increase at least 20% to "catch-up" with the rising costs that have been passed to us

PROPOSED INCREASED RATES BASED ON 10%			PROPOSED INCREASED RATES BASED ON 20%		
This would provide additional revenue of $873,718.48			This would provide additional revenue of $1,747,436.97		
Proposed Residential Bill	Water	$27.34	Proposed Residential Bill	Water	$32.80
Based on 3,000-gallon usage	Sewer	$20.76	Based on 3,000-gallon usage	Sewer	$24.91
	Trash	$20.00		Trash	$20.00
	Total Bill:	$68.09		Total Bill:	$77.71
	Increase of:	$4.37		Increase of:	$13.99
Current Commercial Bill	Water	$68.52	Current Commercial Bill	Water	$82.22
Based on 1" meter	Sewer	$53.94	Based on 1" meter	Sewer	$64.73
Based on 5,000-gallon usage	Trash	$35.00	Based on 5,000-gallon usage	Trash	$35.00
	Total Bill:	$157.46		Total Bill:	$181.96
	Increase of:	$11.13		Increase of:	$35.63

WATER/SEWER – OVERALL SUMMARY

	FY2022-2023 ACTUALS	FY2023-2024 ACTUALS	FY2024-2025 ADOPTED BUDGET	FY2024-2025 ESTIMATE	FY2025-2026 PROPOSED BUDGET
REVENUE TOTAL	$8,992,824	$10,502,689	$7,950,000	$10,502,975	$8,516,710
EXPENDITURES TOTAL	7,578,353	7,505,561	7,846,078	10,158,042	7,725,671
BEG. FUND BALANCE	5,011,419	8,422,932	11,951,130	11,951,130	11,844,413
REVENUE LESS EXPENDITURES	1,414,471	2,997,128	103,922	344,933	791,039
NET TRANSFERS	(390,725)	531,070	(451,650)	(451,650)	(791,039)
ENDING FUND BALANCE	8,446,050	11,951,130	11,603,402	11,844,413	11,844,413
90 DAY RESERVE	2,315,002	2,451,425	2,589,206	2,403,012	2,549,471
AVAILABLE FUND BALANCE	**6,131,048**	**9,499,705**	**9,014,196**	**9,441,400**	**9,294,941**

WATER/SEWER – REVENUE SUMMARY

	FY2022-2023 ACTUALS	FY2023-2024 ACTUALS	FY2024-2025 ADOPTED BUDGET	FY2024-2025 ESTIMATE	FY2025-2026 PROPOSED BUDGET	INCREASE / (DECREASE)
INTERGOVERNMENTAL	1,048,606	2,092,254	4,000	3,107,475	30,000	26,000
MISCELLANEOUS INCOME	1,936,879	14,600	127,000	147,400	147,500	20,500
BOND PROCEEDS	-	-	-	-	-	-
INVESTMENT EARNINGS	20,074	38,227	15,000	15,000	15,000	-
WATER & SEWER SERVICES	7,926,352	8,357,607	7,804,000	7,087,500	8,324,210	520,210
REVENUE TOTAL	**10,931,911**	**10,502,689**	**7,950,000**	**10,357,375**	**8,516,710**	**566,710**

WATER/SEWER – REVENUE CHANGES

- Water and sewer revenue was adjusted to close the deficit
- The City needs to explore selling more water to increase revenues
- The City needs a rate adjustment to increase revenues
- This fund will require in-depth monitoring and collaborative thinking, strategic-planning, and in-depth conversations internally and with Council to make adjustments that will result in a positive impact on the fund

Revenues were increased overall by an additional $566,710

WATER/SEWER – EXPENDITURE SUMMARY

	FY2022-2023 ACTUALS	FY2023-2024 ACTUALS	FY2024-2025 ADOPTED BUDGET	FY2024-2025 ESTIMATE	FY2025-2026 PROPOSED BUDGET	INCREASE / (DECREASE)
REVENUE TOTAL	**$10,931,911**	**$10,502,689**	**$7,950,000**	**$10,502,975**	**$8,516,710**	**$(542,120)**
SALARIES	100,584	120,943	204,932	120,000	181,880	(46,552)
BENEFITS	52,108	62,493	82,676	55,071	92,741	(3,935)
SUPPLIES	33,202	27,290	58,700	35,600	38,500	(18,200)
SERVICES	6,142,994	6,404,863	7,340,270	7,197,275	7,026,875	(146,970)
MAINTENANCE	58,587	100,096	115,000	15,100	15,100	(101,000)
SUNDRY	627,684	712,875	44,500	30,600	30,600	(12,550)
DEBT SERVICE	91,397	76,369	-	-	-	-
CAPITAL OUTLAY	-	633	-	2,876,186	-	-
TRANSFERS	390,725	(531,070)	451,650	451,650	791,039	337,189
EXPENDITURE TOTAL	**7,497,280**	**6,974,491**	**8,297,728**	**10,612,692**	**8,516,710**	**(120,407)**

WATER/SEWER – EXPENDITURE CHANGES

- Veolia services increased by 3% as an estimate, a $100,000 increase
- BWA increased by $262,800 due to rate increase from $4.60 to $4.96
- Supplies, services, and maintenance lines decreased by as much as possible to lessen the overall budget deficit
- Transfers increase to include the payment of the water meter loan for $337,189
- Revenues were adjusted based on projections from the average of the increased revenue from the new meters
- There has been a formal budget request made for a lift station generator at Slaughter Rd. Staff is working to gather costs for preparation

Expenditures were reduced by an additional $54,000 to help close the deficit

DISCUSSION