

**CITY COUNCIL RETREAT MINUTES  
CITY OF ODESSA, TEXAS  
JULY 19, 2011**

On July 19, 2011, a Council retreat meeting of the Odessa City Council was held at 6:10 p.m., at City Hall, 411 W. 8<sup>th</sup> St., third floor conference room, Odessa, Texas.

Members present: Council members Bill Cleaver, James B. Goates, Barbara Graff, Dean Combs, and Sandra Carrasco.

Member absent: Mayor Larry L. Melton.

Others present: Richard Morton, City Manager; Larry Long, City Attorney; Norma Grimaldo, City Secretary; James Zentner, Assistant City Manager; and Michael Marrero, Assistant City Manager.

A quorum being present, the following proceedings were held:

**Review the draft FY 2011-12 Budget.** Mr. Zentner stated that the proposed property tax rate is 0.522750, which is the same rate adopted the last two years. In six years between 2003 through 2010, the property tax rate was reduced by a total of 24.23%. He reviewed the ad valorem comparisons with the six pick cities. Mr. Morton stated that city employees do a fantastic job on services. The historical appraisal values from the Ector County Appraisal District were reviewed. The mineral category was reduced due to legislation. The net taxable value has slowed down since 2008.

Mr. Morton explained the city funds that included General Fund, Water/Sewer Fund, Solid Waste Fund, Storm Water Fund, Equipment Services Fund, Risk Management Fund, Golf Course Fund, and General Debt Service Fund. The funds total about \$142 million.

Mr. Morton highlighted some of the budget proposals. Mr. Morton stated in the past six years the General Fund has grown \$14 million due to the police and fire step pay. He reviewed the General Fund's revenues and expenditures. The budget has the required 60 day reserve plus an additional 25 days. There is a reduction in TMRS contribution from 16.45% to 16.36% due to the legislation. He proposed a 3% insurance rate increase to the city and employees. The Risk Management Fund is in healthy shape. He also proposed a 3% salary increase for employees, which is about \$1.62 million. There is a recommendation to hire four additional police officers. Currently, there are 10 vacancies. The budget proposes a 10% water rate increase. The solid waste rate and storm water rate remained the same. The interest income at \$75,000 was more in-line.

General Fund. Mr. Zentner reviewed the General Fund line items. The property tax revenue is slightly up. Council reviewed the TMRS and firemen's retirement information. Mr. Morton reviewed the supplemental requests. Building Inspection requested two inspectors. Adding the two inspectors would relieve the department. The department was working to increase efficiency and Midland's building inspection department would be working with Odessa to address the same problems. The city receives compliments about the department from out- of-town businesses. Council member Combs supported funding two inspectors. Mr. Morton stated that the city could forgo the 3% insurance rate increase for city and employees and hire the two inspectors and a facilitator. The proposed budget shows a growth of sales tax revenue. Actual sales tax

numbers are used but do not include July – September.

Water and Sewer Fund. The over water consumption issue was discussed. Mr. Morton proposed a 10% water rate increase. A tier water rate could be adopted. The water cost increase was a 10% increase which is \$2.2 million. The Ward water well has a 100 year life but it depends on water consumption. Mr. Morton explained that the city is obligated to the Colorado River Municipal Water District (CRMWD). The desalination project would be through the Odessa Development Corporation. It may take up to \$1 million to pursue including for testing wells and hiring consultants. Council member Goates explained that the city is part owner of CRMWD including the cities of Big Spring and Snyder. CRMWD can cut off customers. He reported that this is the first time Odessa has a water restriction. Mr. Morton stated that the City of Midland's CRMWD contract will get the 10% rate increase next year.

The Council took a short recess at 8:15 p.m. The Council resumed back to session at 8:23 p.m.

The water rate increase includes the senior rate as well. The increases impacted an average customer were reviewed.

Solid Waste Fund. Mr. Morton stated that there would be no rate increase for the solid waste rate.

Storm Water Fund. Mr. Morton stated that the fee would remain the same at \$1.85 for this federally mandated program.

Equipment Services Fund. Mr. Morton explained the process of replacing vehicles. The equipment replacement is \$3,173,550.

Risk Management Fund. Mr. Morton stated that in the last five years expenditures have been controlled due to the health clinic which controls cost and utilization and the Health and Wellness facility. The insurance covers about 3,100 lives. Mr. Morton stated that Darrell Wells was working on the possibility of having a city daycare for children for city employees. It would be another benefit to employees and prospective employees. This project could be a partnership with Medical Center Hospital in sharing the facility. Discussion was held on the 3% proposed insurance increase or funding two positions. It was noted that the employees' 3% insurance increase would bring in \$30,000 in revenue. Council member Graff stated that it was not a good time for an increase. The fund balance is \$1.2 million. Mr. Morton would monitor the fund and move forward in funding the two positions and no insurance rate increase.

Golf Course Fund. Mr. Morton stated that Golf Course Fund was based on 37,000 rounds of golf. The twilight rate is for nine holes after 6 p.m. He provided the history on the golf course. The golf course is subsidized \$200,000 a year. If viewed as a park, it pays for itself. Over time, the \$2 million deficit will be paid off.

Debt Service Fund. Mr. Morton reviewed the debt per capita with other municipalities.

Convention and Visitors Fund. Mr. Morton stated that the Chamber's current proposal does not include an

increase in salaries. In the past, they get an increase the same as city employees. If Council approves the 3% salary increase, then the Chamber's request would be for 3% salary increase. It also applies to the Odessa Development Corporation's outside contractors.

Council member Goates expressed appreciation to the Council for taking time for the meeting. Mr. Morton stated that the tax rate would be less than the roll back. For a flat revenue, the tax rate would be dropped over one cent.

There was no other business, the meeting adjourned at 9:09 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC  
City Secretary

James B. Goates  
Mayor Pro Tem