



**CITY COUNCIL BUDGET WORKSHOP MINUTES  
CITY OF ODESSA, TEXAS  
JULY 26, 2016**

On July 26, 2016, a budget workshop meeting of the Odessa City Council was held at 9:02 a.m., at City Hall, 3<sup>rd</sup> floor conference room, 411 W. 8<sup>th</sup> St., Odessa, Texas.

Members present: Mayor David R. Turner, Council members: Dewey Bryant, District Two; Barbara Graff, District Three; Michael Gardner, District Four; and Filiberto Gonzales, District Five.

Member absent: Council member Amye McNeil, District One.

Others present: Richard Morton, City Manager; Larry Long, City Attorney; Norma Aguilar-Grimaldo, City Secretary; Michael Marrero, Deputy City Manager; Konrad Hildebrandt, Assistant City Manager; Cindy Muncy, Financial Reporting Accountant; Terry Gayhart, Director of Finance; Jamie Minor, Budget Manager; and others.

A quorum being present, the following proceedings were held:

Mayor Turner called the meeting to order and the following took place:

Mr. Gardner gave the invocation.

**Review proposed FY 2016-17 Budget.** Mr. Morton thanked the Council for their direction for the budget. He recognized and thanked staff for their hard work in the proposed budget. He received the final assessed values from Midland County and the final numbers would raise the revenue about \$810,000 for the property tax revenue. He recommended reducing the sales tax estimate by that amount to be conservative and have a balanced budget. He recommended leaving the current tax rate for this upcoming year. It would be below the effective tax rate. He stated that the tax rate could be raised by 8% over the previous year. Over the last 15 years, the Council has lowered the tax rate by 0.22 cents. He explained the property tax rate and the rollback rate. He stated that there was the opportunity to raise the tax rate under the rollback rate which would raise an additional \$2.5 million. Mayor Turner wanted it to be noted that Odessa gives a homestead exemption. Mr. Morton stated that it was difficult to raise the tax rate. Council member Graff stated that every Odessa entity has a tax rate under the rollback rate. Mayor Turner stated that the economy was better. Council member Bryant stated that companies were hiring but the election would affect the economic situation. Council member Gardner didn't think the economy would get worse. Mr. Morton proposed \$30 million in sales tax which was lowered from last year. He reviewed the ad valorem comparisons of the six pick cities.

**General Fund.** The General Fund was reviewed. The Fund Balance has \$19 million which was healthy and it was above the 85 days reserved. The revenue line items were reviewed. The sales tax revenue was down \$3.3 million due to the new ad valorem numbers. The General Fund expenditures were reviewed. He explained the Public Works Assistant Director which was proposed as a new added position. The Police Department was close to being fully staffed of sworn officers. A Federal grant was applied for to cover partial cost of paying the salaries of officers for three years. He proposed a one-time payment of \$1,000 to the employees that pass their evaluation to be given in October. The one-time payment

does not go to the base of personnel expenses. The Police and Fire receive automatic step increases and they chose to keep the step increase and would not get the one-time \$1,000 payment. The step increases were given every two years. The step increase was to stay competitive for the sworn police officers and fire personnel. Council member Bryant stated that businesses were making adjustments in their businesses. Many people were not working or receiving any benefits. He commended Mr. Morton on the budget. He stated that the one-time payment should be earned rather than given due to the situation in the economy. Mr. Morton stated that there were 82 vacancies. The school and hospital would be receiving an increase and the city must compete with the public and private sectors. Council member Graff stated that city employees make less than the public sector and supported the one-time payment. She preferred giving employees a percentage increase than a one-time payment. Mr. Morton stated that a 3% increase cost was \$1.7 million. Council member Gonzales stated that tools were needed to run a successful company. He preferred having the one-time payment earned and it be justified. Council member Bryant stated that there were good benefits for city employees and that the payment should not be handed out but earned. Council member Gardner did not have any concerns with the one-time payment. The other and miscellaneous service expenditure line items were explained. Council member Graff wanted more detail two on the line items. Council member Bryant asked if the overtime laws had added to city expenses. Mr. Morton stated that there were expenses but it was minor. He does not budget overtime dollars as it is covered through the department's budget. Obama Care was not an issue with the city.

Mr. Morton reviewed the one-time supplemental requests from each department. There was a request for body cameras for the Police officers for \$272,000. The car video would support the body cameras which would voice and video record for the protection of the officers and citizens. The one-time supplements were both want and needs from the departments. He received over \$14 million in requests with \$11 million unfunded. There was a Human Resources organizational change which justified the reclassification of a position. The other reclassification requests were based on individual changes. The Council agreed to give the City Attorney's office a total of \$6,000 in office supplies. The autopsy travel request and the rifles purchase program was discussed. The Council agreed not to fund the rifles at this time. Mrs. Muncy explained the other sources of funds that would be used to pay for some of the one-time requests.

There was a short break at 11:24 a.m. The meeting continued at 11:40 a.m.

Mr. Morton stated that the lower budgets by department were due to a combination of factors including turnover, one-time supplements, rental, and other.

**Water and Sewer Fund.** Mr. Morton proposed no changes in the Water and Sewer Fund. The revenues exceeded expenditures. The revenue from the Pioneer Contract was set aside and not built into operations. The water used at the golf course would be shifted to raw water. Mr. Morton stated that the meters work well but the information was not on-line for customers to view at this time. There were \$1.1 million in supplemental requests approved.

**Solid Waste Fund.** Mr. Morton proposed a 9% solid waste increase for single and multi family customers. He would look at privatizing the solid waste collection services. Council member Graff felt that there was a need to raise all the rates by the same percentage amount. Mr. Morton stated that the single family residential rates have remained the same

for three years. There was a deficit in the fund and with the proposed rates it would lower the deficit to \$21,000. The deficit was due to cost of fuel and equipment maintenance. Mrs. Muncy stated that it was also due to the TMRS implemented pension regulations that created most of the deficit. With the 9% increase, it would gain \$1.4 million in revenue. Mr. Morton was not anticipating an increase next year. There were two vacancies in Solid Waste.

There was a recess for lunch at 12:01 p.m. The meeting resumed at 12:29 p.m.

**Storm Water Fund.** Mr. Morton stated that Council would be provided with the new budget changes that were just approved by Council.

**Equipment Service Fund.** Mr. Morton stated that this was in good condition. The proposed replacement cost was \$5.9 million. There was a set life to equipment and it was placed on a replacement schedule. Each patrol officer has their own vehicle. There were a few sedans left in the fleet. The equipment replacement change was due to the replacement of new equipment. Discussion was held on the replacement of vehicles.

**Information Technology Fund.** Mr. Morton stated that the Information Technology Fund was an internal replacement fund to replace the equipment as needed.

**Risk Management Fund.** Mr. Morton stated that there were no changes to the Risk Management Fund. He discussed the medical insurance plan for employees. Council member Graff stated that with the City receiving all the grant funding to pass through EZ Rider, could they be brought into our city insurance. Mr. Morton stated that there was an eligibility to provide 25% of the entities revenue before it could be considered by law. Mr. Long will review the issue and report back to Council. Council member Graff stated that more routes were needed in Odessa. The savings from the insurance could be used for additional routes.

**Golf Course Fund.** The golf course was earning more revenue than its expenses but it was still being subsidized by the General Fund in the amount of \$200,000. The raw water usage will help the maintenance cost.

**Debt Service Fund.** Mr. Morton stated that staff would continue to review the debt for the opportunity to refund for a cost savings. He provided a list of possible debt issuance cost for certain projects. The total cost was \$100,000,000. He reviewed the options available for Council's consideration. Council member Bryant was interested in splitting the 4A sales tax to 4A and 4B which would need voter approval through an election. Council member Gonzales stated that the projects should be done. Council member Gardner agreed that the projects should be done, as well. Discussion was held on the 4A and 4B sales tax. Council member Graff stated there needed to be a campaign for the split of 4A and 4B. She would like to issue the \$100 million for the projects. After further discussion, Mr. Long would provide information on 4A and 4B during a briefing session. A schedule would be made to proceed for Council consideration.

Council member Graff had complaints on the third party contractor taking the alarm system permit fees. The contract was out of town and it was inconvenient for the customers. Mr. Morton would review this issue.

**Hotel/Motel Tax Fund.** Council member Graff asked to go into executive session under 551.087 to discuss hotel design build and conference center design.

Upon returning from executive session, the following action took place:

On the property tax rate, Council member Graff asked to work on the \$100 million projects and bring up the tax rate right under the rollback rate. Council member Gardner stated to leave the property tax rate with no change. Council member Bryant recommended to leave the tax rate as it stands with no change. Mayor Turner suggested to leave the property tax rate as it stands with no change.

There was no other business, the meeting adjourned at 2:02 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC  
City Secretary

David R. Turner  
Mayor