

PUBLIC NOTICE

**ODESSA DEVELOPMENT CORPORATION
BOARD OF DIRECTORS MEETING**

**City Council Chambers - City Hall, 5th Floor
411 W. 8th Street, Odessa, Texas 79761**

Thursday, May 14, 2020, at 2:00 p.m.

Odessa Development Corporation Meeting to be held with Social Distancing Guidelines

The Public can participate in the meeting by joining through www.webex.com

Meeting link: <https://cityofodessa-pqi.my.webex.com/cityofodessa-pqi.my/j.php?MTID=med9c889f6a680f48e7773b31163c3a29>

By toll free phone number: 1-408-418-9388

Enter meeting number: 291 455 771

Password: office (633423 from touchtone phones and video systems)

In accordance with the Open Meetings Act, Chapter 551 of the Government Code of Texas, notice is hereby given to all interested persons that the Odessa Development Corporation will meet as set out above to consider the following items:

1. Invocation
2. Consider Minutes of March 12, April 7 and May 1, 2020 ODC Board
3. Contractors reports:
 - A. Economic Development Dept.-Odessa Chamber - Wesley Burnett
 - B. CVA Advertising & Marketing - Craig Van Amburgh
 - C. UTPB-America's SBDC - Tyler Patton, Sr. Business Consultant
 - D. UTPB-Business Challenge - Bryan Bierwirth
 - E. MOTRAN - James Beauchamp, President
 - F. City Administrative Support; Financials - Cindy Muncy
4. Consider a resolution approving a Downtown Façade Economic Development Agreement with Karla Flores Lawanna Lambert
5. Consider a resolution approving the fifth incentive payment to Odessa College based on compliance with the Economic Development Agreement Robert Carroll
6. Consider a resolution approving the third incentive payment to FMC Technologies, Inc. based on compliance with the Economic Development Agreement Robert Carroll
7. Presentation of report on Preserving the Permian Basin Energy Sector Structure and the Odessa Economy through the COVID-19 and Oil Supply Shock Challenges Dr. M. Ray Perryman
8. Discuss a plan of action in response to the fall of Oil and Gas in Odessa and ODC's role in its recovery, based on the Perryman study presented ODC Board
9. Discuss the creation of a task force to implement the plan of action in response to the fall of Oil and Gas as well as extend the message to the people of Odessa that this situation is not a long-term failure ODC Board
10. Discuss issues related to the COVID-19 pandemic, the effects it has had on the community and ways the ODC may help ODC Board

11. ODC Committee and Officer reports:
 - A. Partnership - Tim Edgmon
 - B. Tax Incentive - Melanie Hollmann, David Boutin
 - C. Advertising - Gene Collins, Tim Edgmon
 - D. DOI Design - Chris Cole, Gene Collins

12. Adjourn

This notice is being posted on the south door of City Hall and on the bulletin board of the first floor of City Hall, Odessa, Texas, on the City of Odessa's website www.odessa-tx.gov, and on the Odessa Development Corporation's website www.odessatex.com, this the _____ day of _____, 2020, at _____ .m., said time being more than seventy-two hours (72) prior to the time at which the subject meeting will be convened and called to order.

The meeting is available to all persons regardless of disability. Individuals with disabilities who require special assistance should contact the City Secretary's Office at 432-335-3276, or 411 West 8th Street, First Floor, Odessa, Texas, during normal business hours at least twenty-four hours (24) in advance of the meeting.

Norma Aguilar-Grimaldo, City Secretary

**ODESSA DEVELOPMENT CORPORATION
CITY OF ODESSA, TEXAS
March 12, 2020**

A regular meeting of the Odessa Development Corporation (ODC) was held on March 12, 2020 at 2:00 p.m., in the Council Chambers, fifth floor, City Hall, 411 W. 8th St., Odessa, Texas.

Members present: Tim Edgmon, Gene Collins, Melanie Hollmann, David Boutin and Chris Cole.

Member absent: Mayor David R. Turner, ex-officio.

Others present:

City Staff: Natasha Brooks, City Attorney; Robert Carroll, Assistant City Attorney; Michael Marrero, City Manager; Cindy Muncy, Interim Assistant City Manager; Celia Senoret, Deputy City Secretary.

ODC Contractors: Craig Van Amburgh, CVA; Wesley Burnett, Economic Development; Tyler Patton, UTPB-SBDC; Bryan Bierwirth, UTPB-SBDC; James Beauchamp, MOTRAN; and

Others: Tracy Jones, Chamber of Commerce; Renee Earls, Chamber of Commerce and other interested citizens.

A quorum being present, Mr. Edgmon called the meeting to order and the following proceedings were held:

Mr. Collins gave the invocation.

February 13, 2020 minutes. Mr. Boutin had some corrections on infrastructure grant.

Motion was made by Mr. Boutin and seconded by Mr. Cole to approve the minutes with the correction. The motion was approved by the following vote:

Aye: Tim Edgmon, Melanie Hollmann, David Boutin and Chris Cole

Nay: Gene Collins

Contractors report: Economic Development: Odessa Chamber, CVA Advertising and Marketing, UTPB-America's SBDC, MOTRAN, and City Administrative support.

Mr. Burnett updated the projects. Sabre Chemical was currently moving forward and the negotiation for a facility continued close to completion. They would consider submitting an application for jobs creation incentive. X-Energy continued on different levels, the water reuse would be part of the project, and there were discussions with Gulf Coast. The company will discuss water issues around surrounding communities. A manufacturer of housing components was interested in locating a facility in Odessa.

Mr. Van Amburgh was busy for the last several weeks. CVA was in the process on getting some production for new segments. They identified new people for interviews and extended the invitation for ODC members to participate. Television ads still running on sport networks were monitored closely. Some of the sports games had been cancelled or played with no live audience, which could be beneficial, since people will be watching those games on television. On publication, they had their first testimony from Nick Fowler and how ODC helped him grow his business. Social media had a very good month. Overall, social media engagement and likes went up significantly. Total social

impressions and engagement increased 200+ percent compared to the previous month. They would be watching closer with the coronavirus and would be make a determination on what was best for ODC.

Mr. Patton reported for the month of February. They had 214 counseling sessions and 202 counseling hours. They presented three seminars, 48 people attended; capitalization was \$721,600 which \$521,600 was in Odessa. They opened four new businesses; one of them was in Odessa. As a result of this new business, they had 22 full-time jobs. Mr. Patton reported that SBDC was number one in the region in capitalization and jobs created.

Mr. Bierwirth stated they had four seminars, which were included: How to write business plan, how to write an investor fact sheet and marketing your small business 101 and 102. There was one seminar in March called: Legal structure and intellectual property. One seminar with Frost Bank was cancelled due to the coronavirus situation. They would try to make it up in April. The participants will find out who goes to the next round in April, but the participants will work on their business plans with his assistance.

Mr. Beauchamp presented the Ector 25mbps map comparison and update surface area had significantly extended. He pointed out that 99.3% of the county residents were served. He showed two sets of maps: the wire service providers and wireless providers to get to the next level. Mr. Beauchamp reported on the transportation improvements and planning updates on interstate projects in regards of I-20 Improvement. This project was the conversion of the frontage road and the additional main lane capacity. There will be two new interchanges for Odessa: Faudree and County Road 1300. Planning and development for TX 302 and Loop 338 were developed as four lane divided. Additional projects included connecting east of Midland to I-20 and bringing it around the west side of Odessa Loop 338, which will created a northern corridor across Midland and Odessa. Part of the construction for US 385 was completed to four lanes divided all the way from Crane to McCamey. The new version included a new direction to the Permian Basin for the designation US 385 to I-10 to Odessa I-20 Interstate Highway. Mr. Beauchamp reported that they need to be connecting with the metropolis market and the connection of US 385 and I-14 would be considered.

Mrs. Muncy passed out the annual financial report. She reported total assets \$53.8 million, account payables \$187,000 and reserved from balance \$8.9 million, assigned TXDOT project \$11 million, Workforce Housing \$5 million, unreserved \$28.6 million, and revenues \$4.6 million. Sale taxes was going down. No change in reserve commitment. Investments were \$53.8 million. She will make a correction on the BBVA date.

Motion was made by Mr. Collins and second by Mr. Cole to approve the report with the one correction. The motion was approve by unanimous vote.

Discuss Council request that ODC provide feedback regarding increasing the number of Directors from five directors to seven directors. Mr. Carroll reported that Council would like to know, before the Bylaw gets approve, feedback from the board on how they feel on increasing from five to seven members. Mr. Edgmon questioned why Council wanted to change it. Mr. Marrero answered that this was the one of few exceptions were each council member does not have an appointee and they want to be consistent with the other boards and commissions. Mr. Boutin stated that all members were very well qualified and experienced which was important and not the number that would make it more difficult to get things done. Mr. Collins stated it was a good idea that

each council member nominated a member. It will add to the diversity of the board and will provide a comprehensive need of the community. Mr. Cole would like to understand the challenges and the benefits. In his opinion, there was a good balance and representation. Ms. Hollmann agreed with Mr. Cole and would like to understand why Council wanted to make the change and what would be the benefit. Mr. Edgmon thanked the Council for considering the board.

ODC Committee and Officer Reports. Mr. Edgmon reported that Mr. Collins and he met with CVA. He suggested putting the names of the other committees on the agenda. Mr. Collins would meet with Downtown tomorrow. Mr. Edgmon spoke at the Sewell Building grand opening and felt very proud for ODC participation on this project.

The meeting adjourned at 2:56 p.m.

ATTEST:

APPROVED:

Celia Senoret
Deputy City Secretary

Tim Edgmon
President



**ODESSA DEVELOPMENT CORPORATION MINUTES
CITY OF ODESSA, TEXAS**

April 7, 2020

A special meeting of the Odessa Development Corporation (ODC) was held on April 7, 2020 at 3:03 p.m., in the Council Chambers, fifth floor, City Hall, 411 W. 8th St., Odessa, Texas. Due to the COVID-19, the meeting was teleconferenced, as allowed by the Governor's executive order.

ODC board members and staff were present through teleconference.

Members present: Tim Edgmon, Gene Collins, Melanie Hollmann, David Boutin, and Chris Cole.

Member absent: Mayor David R. Turner, ex-officio.

Others present:

City Staff: Norma Aguilar-Grimaldo, City Secretary; Natasha Brooks, City Attorney; Robert Carroll, Assistant City Attorney; Cindy Muncy, Interim Assistant City Manager and Michael Marrero City Manager;

ODC Contractors: Wesley Burnett, Economic Development; and

Others: Council member Mari Willis, and other interested citizens.

A quorum being present, Mr. Edgmon called the meeting to order and the following proceedings were held:

Mr. Collins gave the invocation.

Resolution No. ODC-2020R-03 - Approve the fourth incentive payment to the West Texas Food Bank based on compliance with the Economic Development Agreement. Mr. Carroll reported that Weaver confirmed the required compliance documentation.

Motion was made by Mr. Boutin and seconded by Mr. Collins to approve the resolution. The motion was approved by unanimous vote.

Mr. Edgmon asked that the West Texas Food Bank be contacted to emphasize that the required documentation be submitted in the timely manner as it was requested.

Discuss and authorize the Mayor to negotiate and execute on behalf of the City of Odessa and Odessa Development Corporation an agreement to approve the use of ODC funds for COVID-19 Supply Sourcing and Manufacturing, related infrastructure based projects, and to provide COVID-19 related assistance a. Manufacturing medical equipment and supplies as it relates to COVID-19 b. Infrastructure, including WIFI supplied to West Odessa and other underserved areas; c. Perryman study regarding Preserving the Permian Basin Energy Sector

Structure and the Odessa Economy through the COVID-19 and Oil Supply Shock Challenges.

Manufacturing medical equipment supplies. Mr. Burnett reported that a local business was making shields. He had invoices and due to the urgency and emergency requested to pay the invoices with ODC funds. It would create job retention. Mr. Collins asked about the parameters for the pandemic and any restrictions for the ODC scope on involvement. Ms. Brooks reported that there were no laws that dealt with the COVID-19 issues and the ODC could assist. Mr. Collins requested that there be a resolution for financing during this period. Mr. Boutin stated that the minutes would reflect the action taken and it would meet legal requirements. The request for reimbursement matched the ODC mission with retaining jobs and provided a positive impact in the community. Mr. Cole agreed that the minutes would suffice. Ms. Brooks stated that the motion in the minutes would suffice and no resolution was needed. There would be 375 units at \$130 each. The funds would go directly to an Odessa business.

Motion was made by Mr. Boutin and seconded by Mr. Cole to grant payment for the three invoices for a total of \$48,814.76, the funds would retain many jobs and cater to the medical community and provide a positive impact fighting COVID-19 on a local front and pay in arrears. The motion was approved by unanimous vote.

Infrastructure – Mr. Burnett stated that WIFI was an issue as the schools were closed and the workforce was working from home. Construction of WIFI towers were needed. Mr. Cole stated that the city's dynamics were different and there would be new ways of doing business. He wanted to be sure that the right players were involved and not just spend ODC funds with it not being feasible in accommodating what was needed. Mr. Boutin asked if PSP would match the funds. Mr. Burnett stated that was a good idea to talk to PSP. Mr. Collins was working on the WIFI project for four years and it was imperative to provide citywide WIFI. He supported the project. Mr. Burnett stated that ODC would be providing the infrastructure of fiber and was not ODC's role to maintain it. Mr. Collins asked about revenue back to the city. Mr. Marrero stated that there were already service providers that paid franchise fees. He asked if ODC was looking for repayment for infrastructure. Mr. Boutin that it was important to grow the tax base. Mr. Burnett stated there was no intention of reimbursement of cost. The board agreed to have a taskforce committee. The committee would consist of Mr. Collins, Mr. Edgmon, Mr. Marrero and Mr. Carroll.

Perryman study – Mr. Burnett stated that the Council preauthorized the report. The scope would address issues including job losses and identify actions. Mr. Collins suggested funding the study and give ownership to the Chamber since some of the report may be out of ODC's jurisdiction. Mr. Boutin would like to keep ODC as owner of the report, since it would be out of ODC funds. The board could delegate the responsibility and hold the Chamber, as contractor, responsible for success. The report would be completed in 10 days. The report was for the Permian Basin energy sector for Odessa and strategies to overcome our economic downturn. Mr. Edgmon requested that Dr. Perryman provide a presentation on the report.

Motion was made by Mr. Boutin and seconded by Mr. Collins to approve the Perryman study, it be delivered in two or three weeks, it provided action items to benefit the local economy and fee and expenses. The motion was approved by unanimous vote.

The meeting adjourned at 3:46 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC
City Secretary

Tim Edgmon
President



**ODESSA DEVELOPMENT CORPORATION MINUTES
CITY OF ODESSA, TEXAS**

May 1, 2020

A special meeting of the Odessa Development Corporation (ODC) was held on May 1, 2020 at 10:02 a.m. Due to the COVID-19, the meeting was teleconferenced, as allowed by the Governor's executive order. ODC board members and staff were present through teleconference.

Members present: Tim Edgmon, Gene Collins, Melanie Hollmann, David Boutin, and Chris Cole.

Member absent: Mayor David R. Turner, ex-officio.

Others present:

City Staff: Norma Aguilar-Grimaldo, City Secretary; Natasha Brooks, City Attorney; Robert Carroll, Assistant City Attorney; Cindy Muncy, Interim Assistant City Manager and Michael Marrero City Manager;

ODC Contractors: Wesley Burnett, Economic Development; and

Others: Council members Tom Sprawls and Michael Shelton; Libby Campbell, Ray Perryman, and other interested citizens.

A quorum being present, Mr. Edgmon called the meeting to order and the following proceedings were held:

Mr. Collins gave the invocation.

Resolution No. ODC-2020R-04 - Second amended economic development agreement with Permian Basin Food Bank, Inc. d/b/a West Texas Food Bank. Mr. Burnett stated that with the COVID-19 and oil prices it devastated our community. The number of people using the food bank has dramatically increased. The West Texas Food Bank requested the purchase of a walk in freezer cooler with installation for \$1,116,500 for the 19 counties that it serviced. Ms. Campbell thanked the board for its support in building the facilities over four years ago. She stated that there was a 44% increase in the outreach program. She reported that the 48 staff kept the food bank running with no volunteers. The partner agencies dropped from 92 to 78 agencies and had limited capabilities. The senior group has increased. She discussed the food supply chain as it affected the food bank. The USDA would be providing a large amount of chicken, pork and dairy products. The freezer would accommodate storing the food. The food bank would receive 3,500 boxes a week to distribute with no requirements to clients and agencies. The freezer would help with the COVID and for long term on reducing operating cost. She stated that truck delivery was taking about eight to twelve weeks. The truck order increased from three trucks to 32 trucks but only 12 trucks were delivered. The cooler would sustain operations. There were 74% new clients. Mr. Burnett stated that this would be a second amendment to the original agreement. Council member Shelton commended the food bank for their service. Ms. Campbell stated that the food bank was taking strict precautions in dealing with COVID-19 and no volunteers were being used. Staff was handling all the necessary services. Mr. Cole asked about the timeframe for the freezer installation. Ms. Campbell stated it would be

about six to eight weeks. Mr. Carroll outlined the terms of the extension, which was three years, add five new jobs and a total payroll of \$30,000 per job. The 48 jobs would be maintained. Ms. Campbell provided information about the donations and the growth with the USDA. There was some reimbursement for the cost. The food bank was receiving support with Feeding America and Feeding Texas. She was confident that the food bank would meet the terms. The amended contract would be audited in 2021. Mr. Boutin suggested extending the term to four years. He stated that there was expected population growth.

Motion was made by Mr. Boutin and seconded by Mr. Cole to approve the resolution as recommended by the Compliance Committee but with a four-year term extension. The motion was approved by a 4-0 vote. Ms. Hollmann abstained, as she was a board member of the West Texas Food Bank.

Mr. Collins asked about establishing parameters for emergency situations to respond in a timely manner. Ms. Brooks stated that the board could meet on an emergency basis if the project was within the 4A guidelines. ODC was following the same guidelines as the City Council. Each project would be reviewed on a case-by-case basis.

Receive update on the Preserving the Permian Basin Energy Sector Structure and the Odesa Economy through the COVID-19 and Oil Supply Shock Challenges assessment. Dr. Ray Perryman stated that the study provided recommendations including the long term of broadband and advocacy programs. The study provided information on different industries and annual average numbers. He recommended that the study be kept updated. Dr. Perryman explained the oil situation. He stated that it was important to note that it was not like the 1980s. The current situation happened sudden due to a health crisis. The market will normalize but the housing and infrastructure was still an issue. He discussed oil and housing. Legislation would help with the local gas and local entities but there was a lot of uncertainty.

Mr. Cole left the meeting at 10:59 a.m.

Dr. Perryman discussed production of natural gas and global demand. He stated it was critical to keep infrastructure together. He stated nothing was broken only a health crisis and in a reasonable period, it would be better with the treatment. The demand will fix quickly. Mr. Collins asked about the Railroad Commission regulating production in Texas and where we should stand on that issue. Dr. Perryman was opposed to it as it would interfere with the market and reduce global production.

The meeting adjourned at 11:14 a.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC
City Secretary

Tim Edgmon
President



Odessa Chamber of Commerce

Economic Development

Services for the Odessa Development Corporation

March 2020

Projects

2017-04

Project **American Standard** has received an incentive application and plans for major consolidation / expansion project, 60 sf with 6 acres of yard storage. They are exploring lease options in Odessa to retain 50 employees and hire 10 new. Company has contracted with CBRE for building search and will be working with Economic Development staff. This is an ongoing project information will be forthcoming as collaboration efforts proceed.

- Company continues to seek assistance with expansion in Odessa
- Company is working with landowner for location and increasing footprint
- Company has purchased land
- Waiting on Company to complete application
- No update
- Inactive
-

2018-01

- Lead from the Governor's office; **Sabre Chemical**, a chemical manufacturing business is seeking a HQ location in Odessa, adding 200 jobs to the workforce
- Seeking rail service location
- Company narrowing facilities list, will be working with Economic Development staff
- Negotiating for a facility continues and is close to completion
- Company is in final negotiation on existing facility in Odessa, will submit incentive application soon
- Company has closed on building, currently has 60 employees, plans to ramp up to 200 over 3 years
- HQ and distribution office, incentive application should be submitted soon
- Company continues to develop options for increasing facility size and job numbers. Discussion of locating more of operation in Odessa

- Company has incentive application, negotiations for increasing and expanding operations in Odessa
- Company making improvements / upgrades to existing local facility
- No update, waiting on application from company

2018-05

- **X-Energy** is seeking to construct and operate a specific nuclear reactor in Ector County, Texas. This is a long-term project that would not expect to be in operation until 2024 and a \$1.5 billion project
- This intrinsically safe procedure is expected to generate the sale of electricity and process heat from this facility which could self-suffice the plant operations and costs
- A feasibility study has returned favorable and positive feedback
- Ongoing discussion with company for further information
- Company visited Odessa, toured GCA-very favorable, feasibility moving forward on business model
- Company will return to Odessa and discuss water issues surrounding communities moving forward
- Company plans to be in Odessa in December 2018 with DOE representatives to explore options and Odessa investments
- Company and DOE, TRRC visited Odessa, project to move forward • Ongoing, no report

2019-01

- **Project Rockhound** is a 1000-megawatt solar project in western Ector County. \$1 billion CapEx, process of incentives with taxing entities ongoing
- No update

2019-02

- Manufacturer of housing components, 200-300 jobs, interest in locating facility in Odessa, initial discussions, application ongoing
- Exploring property in Opportunity Zone
- Negotiations continue for project location in Odessa
- Company is working on application
- No update

2019-03

- Oil and Gas manufacturing company out of state wishes to consolidate operations into Odessa
- 62 retained and transferred jobs, 46 new jobs created, \$7 million payroll
- Compliance met and will be recommending incentives to ODC board

- ODC Board and City Council approved an incentives package for the project
- Agreement executed

2020-01

- DEF Plant
- \$2.5-3 capital investment
- 15-20 jobs
- Project in early stage of planning

Local Business Retention and Expansion

- Multiple local expansions in beginning stages
- Kaige Equipment \$2.8 million expansion, 6 new jobs 8 retained. ODC approved awaiting city council approval
- Project Who, food manufacturer, working on ODC application

Odessa Partnership

- Partnership met January 16, 2020
- The March 26, 2020 meeting was postponed, will be rescheduled at a later date

Business Retention and Expansion

- Completed 3 visits to local industries

Housing

- OHFC approved for incentives on 216-unit multi-family project expansion on 87th Street. PSP approved project for investment of \$6 million. Construction could begin April/May.
- Housing pod project with interest in multi-family, mixed use and single-family pursuing project for Downtown and NE Odessa. Evaluating investments to partner with PSP and Downtown Odessa area interest. Project moving forward on all fronts.
- Approved two housing grants. 7 single family, 6 townhomes.
- LOA Land Development, 192 lot subdivision working on infrastructure grant application.

Services and Other Activities

- Ingham Economic Index December Report sent via Mailchimp and posted to website
- Odessa Development News / Economic Indicators for January and February sent via Mailchimp and posted to website
- Certificates of Origin for Eckel International Inc., equipment and parts shipping to Saudi Arabia
- Demographic information sent to Miles Hoisington with The Retail Connection
- Economic Indicators, construction permit information sent Todd McKee with Peoples State Bank in Lubbock
- Certificate of Origin for Standby Monitoring for parts shipping to Kuwait
- Certificate of Origin for SPETCO Int'l Petroleum for parts shipping to Kuwait
- Certificate of Origin for PBP Fabrication for parts shipping to Dubai



Partner Visits

TEDC Webinar – 10 Impacts of Coronavirus on the Economic Development Profession	Staff Participated
Pandemic and Petroleum – A Tale of Two Problems – Dr Ray Perryman (Webinar)	Director and Staff Participated
Sewell Leadership Webinar – John Maxwell and Collin Sewell	Director and Staff Participated
Chamber Staff Meeting	Director and Staff Participated
Chamber Director’s Meeting	Director Participated
Team Texas Chicago	Director Participated
MOTRAN Board Meeting	Director Participated
Opportunity Odessa Executive Mtg	Director Participated

Odessa Economic Indicators

2020

Building Permits

February	2020	Total Value	2019	Total Value
New Single Family	67	\$15,496,181	74	\$14,971,770
New Commercial	3	\$1,772,977	8	\$3,180,000
Other	95	\$5,317,481	133	\$50,684,381
Totals	165	\$22,586,639	215	\$68,836,151
YTD Totals	311	\$41,539,002	348	\$88,944,736

Sales and Use Tax

February	2020	2019	% Change
City of Odessa	\$5,378,020	\$6,527,683	-17.61%
Totals YTD	\$10,453,705	\$12,551,006	-16.71%

Labor Market Statistics

February	2020	2019
Civilian Labor Force	87,979	88,895
Total Employment	85,051	86,659
Total Unemployment	2,928	2,236
Unemployment Rate	3.3%	2.5%
Payroll Employment Estimate	82,300	84,300

Permian Basin Rig Count

Month	2020	2019
February	295	368
January	296	378
December	299	2018
December	299	382

Midland International Air and Space Port

February	2020	2019
Enplaned	45,992	45,860
Deplaned	46,061	45,305
Enplaned YTD	92,167	89,296
Deplaned YTD	94,593	90,992

MLS Statistics-Residential (SF/COND/TH)

February	2020	2019
Total Sold	102	134
Dollar Volume	\$24,762,698	\$30,237,552
Total Sold YTD	196	231
Volume YTD	\$47,345,615	\$50,952,184



Odessa Chamber of Commerce
Economic Development

Services for the Odessa Development Corporation

April 2020

Projects

2017-04

Project **American Standard** has received an incentive application and plans for major consolidation / expansion project, 60 sf with 6 acres of yard storage. They are exploring lease options in Odessa to retain 50 employees and hire 10 new. Company has contracted with CBRE for building search and will be working with Economic Development staff. This is an ongoing project information will be forthcoming as collaboration efforts proceed.

- Company continues to seek assistance with expansion in Odessa
- Company is working with landowner for location and increasing footprint
- Company has purchased land
- Waiting on Company to complete application
- No update
- Inactive

2018-01

- Lead from the Governor's office; **Sabre Chemical**, a chemical manufacturing business is seeking a HQ location in Odessa, adding 200 jobs to the workforce
- Seeking rail service location
- Company narrowing facilities list, will be working with Economic Development staff
- Negotiating for a facility continues and is close to completion
- Company is in final negotiation on existing facility in Odessa, will submit incentive application soon
- Company has closed on building, currently has 60 employees, plans to ramp up to 200 over 3 years
- HQ and distribution office, incentive application should be submitted soon
- Company continues to develop options for increasing facility size and job numbers. Discussion of locating more of operation in Odessa

- Company has incentive application, negotiations for increasing and expanding operations in Odessa
- Company making improvements / upgrades to existing local facility
- No update, waiting on application from company
- Company re-evaluating timeline due to recent situation

2018-05

- **X-Energy** is seeking to construct and operate a specific nuclear reactor in Ector County, Texas. This is a long-term project that would not expect to be in operation until 2024 and a \$1.5 billion project
- This intrinsically safe procedure is expected to generate the sale of electricity and process heat from this facility which could self-suffice the plant operations and costs
- A feasibility study has returned favorable and positive feedback
- Ongoing discussion with company for further information
- Company visited Odessa, toured GCA-very favorable, feasibility moving forward on business model
- Company will return to Odessa and discuss water issues surrounding communities moving forward
- Company plans to be in Odessa in December 2018 with DOE representatives to explore options and Odessa investments
- Company and DOE, TRRC visited Odessa, project to move forward • Ongoing, no report

2019-01

- **Project Rockhound** is a 1000-megawatt solar project in western Ector County. \$1 billion CapEx, process of incentives with taxing entities ongoing
- No update

2019-02

- Manufacturer of housing components, 200-300 jobs, interest in locating facility in Odessa, initial discussions, application ongoing
- Exploring property in Opportunity Zone
- Negotiations continue for project location in Odessa
- Company is working on application
- No update

2019-03

- Oil and Gas manufacturing company out of state wishes to consolidate operations into Odessa
- 62 retained and transferred jobs, 46 new jobs created, \$7 million payroll

- Compliance met and will be recommending incentives to ODC board
- ODC Board and City Council approved an incentives package for the project
- Agreement executed

2020-01

- DEF Plant
- \$2.5-3 capital investment
- 15-20 jobs
- Project in early stage of planning

2020-02

- Site location consultants and staff conducted virtual site visit for a new heavy industrial manufacturing facility
- 2,950 construction jobs during 3-4 year construction
- 250-380 permanent employees
- \$3-6 billion CapEx, 24/7 operation
- Completing follow up, over 250 questions on site, utilities, rail etc

Local Business Retention and Expansion

- Multiple local expansions in beginning stages
- Kaige Equipment \$2.8 million expansion, 6 new jobs 8 retained. ODC approved city council approved
- Project Who, food manufacturer, working on ODC application
- Emergency funding for Westech Seal for face shields for COVID-19 health professionals
- Mailed note cards to local manufacturing businesses
- Emergency funding for West Texas Food Bank for industrial freezer for food storage

Odessa Partnership

- The March 26, 2020 meeting was postponed due to current situation, will be rescheduled at a later date

Business Retention and Expansion Visits

- None due to current COVID-19 situation

Housing

- OHFC approved for incentives on 216-unit multi-family project expansion on 87th Street. PSP has withdrawn project investment of \$6 million due to recent economic situation, construction on hold.
- Housing pod project with interest in multi-family, mixed use and single-family pursuing project for Downtown and NE Odessa. Evaluating investments to partner with PSP and Downtown Odessa area interest. Project moving forward on all fronts.
- Approved two housing grants. 7 single family, 6 townhomes.
- LOA Land Development, 192 lot subdivision working on infrastructure grant application.

Services and Other Activities

- Ingham Economic Index January Report sent via Mailchimp and posted to website
- Odessa Development News / Economic Indicators for March sent via Mailchimp and posted to website
- Certificates of Origin for Eckel International Inc., equipment and parts shipping to Saudi Arabia

- Update properties on odessatex.com website
- Demographic information identifying low income housing developments sent to Kellie Wilks with ECISD
- Demographic information sent to Dave Busche with Skyline Champion Homes, new residential
- Certificate of Origin for PBP Fabrication for parts shipping to Abu Dhabi, United Arab Emirates (UAE)
- Mailed note cards to local Apartments and Realtors



Partner Visits

TEDC Webinar – Assisting Small Business During Turbulent Times	Staff
Consultant Connect Virtual Meeting	Director
COVID-19 Communications Committee Meeting	Director
Senator Cornyn and The High Ground	Director and Staff
Mike Conoway – What Small Businesses Need to Know about CARES Act	Staff
Learning in a Remote World: A discussion with LinkedIn’s L.D. Leaders	Staff
Chmura - Development and COVID-19 Economic Recovery Incentives – Identifying & Evaluating Government Support Program	Staff
High Ground Board Meeting	Director
Comptrollers Office Seminar – Frank Alvarez – Hotel/Motel, Abatement, TIRZ etc.	Director and Staff
Rethinking Manufacturing Supply Chains Amid Corona Virus Disruption - Webinar	Staff
TEDC- Local Economic Developers Response to the COVID-19 Crisis	Director
GIS Tools for Economic Developers Webinar	Staff
Governors Small Business Webinar Series	Director and Staff

Chumura – How will COVID-19 Impact Higher Education Webinar	Staff
UTPB Alumni Safe at Home	Director
PBMPO Board Meeting	Director
IEDC – The Great Reset – Strategies and Data for Recovery	Director and Staff
Community Stakeholder Meeting	Director
TEDC – Development in Texas – A Ten Point Action Plan for Economic Developers	Staff
Consumer Energy Alliance West Texas Webinar	Staff
Sewell Leadership Events – Jeff Henderson, John Maxwell, Tim Elmore and David Salyers	Director and Staff
Texas Scholars Zoom Meeting	Staff
Weekly Chamber Directors Meetings	Director
Weekly Chamber Staff Meetings	Director and Staff
Discover Odessa Meeting with Keith Dial	Director
TEDC – Building Fiscally Strong Communities	Staff
High Ground Virtual Site Tour Meeting	Director and Staff
United Way Board Meeting	Director

Odessa Economic Indicators

2020

Building Permits

	2020	Total Value	2019	Total Value
New Single Family	115	\$21,777,005	64	\$11,268,045
New Commercial	7	\$8,840,300	5	\$5,768,681
Other	113	\$4,960,687	93	\$2,184,417
Totals	235	\$35,577,992	152	\$19,221,143
YTD Totals	546	\$77,116,994	500	\$108,165,879

Sales and Use Tax

	2020	2019	% Change
City of Odessa	\$5,254,367	\$5,909,176	-11.08%
Totals YTD	\$15,708,072	\$18,460,176	-14.91%

Labor Market Statistics

	2020	2019
Civilian Labor Force	86,479	88,268
Total Employment	82,715	86,124
Total Unemployment	3,764	2,144
Unemployment Rate	4.4%	2.4%
Payroll Employment Estimate	81,900	84,200

Permian Basin Rig Count

Month	2020	2019
March	291	356
February	295	368
January	296	378

Midland International Air and Space Port

	2020	2019
Enplaned	31,808	55,261
Deplaned	33,007	54,101
Enplaned YTD	123,975	144,557
Deplaned YTD	127,600	145,093

MLS Statistics-Residential (SF/COND/TH)

	2020	2019
Total Sold	121	125
Dollar Volume	\$29,522,940	\$31,959,991
Total Sold YTD	317	356
Volume YTD	\$76,868,555	\$82,912,175

UTPB SMALL BUSINESS DEVELOPMENT CENTER

2019-2020 New Business Start-Ups & Expansions

March-20							
ODESSA		OTHER LOCATIONS		ACTIVITIES			
New Businesses	0	New Businesses	2	Counseling Sessions	91	Seminars	1
Full-Time Jobs	1	Full-Time Jobs	1	Am Ind/N/Alaskan	2	Am Ind/N/Alaskan	0
Part Time Jobs	0	Part Time Jobs	0	Asian/pac. Islander	0	Asian/pac. Islander	0
				Black	25	Black	0
Total Jobs	1	Total Jobs	1	Hispanic	40	Hispanic	0
				Non-Hispanic	41	Non-Hispanic	0
				Total Clients	91	Total Attendees	17
				Counseling Hours	81	Training Hours	34

	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Cumulative 2019/20	Totals	End of Year 2018/19 Totals
Counseling Sessions	212	148	149	200	214	91							1014	3403	
Counseling Hours	229	142	150	216	202	81							1019	2927	
Seminars Presented	3	2	1	1	3	1							11	42	
Attendees	90	14	11	20	48	17							200	736	
Training Hours	180.0	91	22	40	96	34							463	1446	
New Businesses	1	11	2	3	4	2							23	43	
Odessa New Business	0	4	1	0	1	1							7	13	
Capitalization	\$1,025,000	\$3,709,600	\$1,000,000	\$273,000	\$721,600	\$490,000							\$7,219,200	\$19,824,583	
Odessa Capitalization	\$250,000	\$3,265,000	\$0	\$50,000	\$521,600	\$0							\$4,086,600	\$3,895,616	
Full-Time Jobs	8	39	4	23	22	2							98	192	
Odessa FullTime Jobs	4	19	2	4	0	1							30	70	
Part Time Jobs	0	28	0	5	0	0							33	72	
Odessa Part Time Jobs	0	25	0	0	0	0							25	24	
Total Jobs	8	53	4	26	22	2							115	236	

4/6/2020 KAM

UTPB SMALL BUSINESS DEVELOPMENT CENTER

2019-2020 New Business Start-Ups & Expansions

April-20							
ODESSA		OTHER LOCATIONS		ACTIVITIES			
New Businesses	2	New Businesses	0	Counseling Sessions	232	Seminars	0
Full-Time Jobs	4	Full-Time Jobs	3	Am Ind/N/Alaskan	1	Am Ind/N/Alaskan	0
Part Time Jobs	0	Part Time Jobs	0	Asian/pac. Islander	0	Asian/pac. Islander	0
				Black	35	Black	0
Total Jobs	4	Total Jobs	3	Hispanic	102	Hispanic	0
				Non-Hispanic	96	Non-Hispanic	0
				Total Clients	232	Total Attendees	0
				Counseling Hours	202	Training Hours	0

													Cumulative	End of Year	
	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	2019/20	Totals	2018/19 Totals
Counseling Sessions	212	148	149	200	214	91	232							1246	3403
Counseling Hours	229	142	150	216	202	81	202							1221	2927
Seminars Presented	3	2	1	1	3	1	0							11	42
Attendees	90	14	11	20	48	17	0							200	736
Training Hours	180.0	91	22	40	96	34	0							463	1446
New Businesses	1	11	2	3	4	2	2							25	43
Odessa New Business	0	4	1	0	1	1	2							9	13
Capitalization	\$1,025,000	\$3,709,600	\$1,000,000	\$273,000	\$721,600	\$490,000	\$228,000							\$7,447,200	\$19,824,583
Odessa Capitalization	\$250,000	\$3,265,000	\$0	\$50,000	\$521,600	\$0	\$178,000							\$4,264,600	\$3,895,616
Full-Time Jobs	8	39	4	23	22	2	7							105	192
Odessa FullTime Jobs	4	19	2	4	0	1	4							34	70
Part Time Jobs	0	28	0	5	0	0	0							33	72
Odessa Part Time Jobs	0	25	0	0	0	0	0							25	24
Total Jobs	8	53	4	26	22	2	7							122	236

5/1/2020 KAM



ADVERTISING & MARKETING

ODESSA DEVELOPMENT CORPORATION

MARCH 2020 ACTIVITIES

PODCAST/TV AD SERIES

Podcast - Opportunity Odessa

New interviewees have been selected for recorded interviews and will be scheduled to record their segments once COVID-19 restrictions are lifted.

TV News Segment - Spirit of Odessa

The recording of Wesley Burnett's segments on housing, education, healthcare, and local expansion originally scheduled for Wednesday, March 11, was cancelled and will be rescheduled as soon as possible.

KWES - Investing at Home

Aired in February: Bubba Saulsbury & Kirk Edwards.

TELEVISION

Our new Nick Fowler testimonial TV spots (3) began airing on March 9, 2020. Sporting events in which we had scheduled our BR&E :30 spots began cancelling their programming the second week of March, and have continued to do so because of the current outbreak. Spots cancelled because of this include ones that were to run on the Golf Channel, NASCAR Races on FS1 and NBCS, NBA games on ESPN and TNT. We will not be charged for spots that did not air.

PUBLICATIONS

Our ad for the Odessa American BR&E series featuring quotes from Nick Fowler and how ODC helped him grow his business continued to run periodically through out the month of March.



ADVERTISING & MARKETING

WEBSITE

In response to the COVID-19 outbreak, a new tab was added to the home page of the ODC website that links directly to the application for ODC Incentives on the site. This will enable interested parties to easily access the application directly from the home page.

COLLATERAL

Business cards and ODC notepads were reordered in March to aid the chamber staff.

SOCIAL MEDIA/DIGITAL MEDIA

Overview

In March, our overall social media engagement and shares across all platforms was up significantly, 53+%. Total social clicks increased 129% compared to the previous month, however our likes were down 29%. We continued the page likes campaign on Facebook, resulting in 17 new page likes, compared to 14 last month. Our Twitter impressions and profile visits were down due to a lower tweet volume, but we did see an increase in followers.

Facebook

Over the last month on Facebook, CVA has continued to generate content from relevant articles of local news organizations. Facebook metrics were much higher this month. We've been seeing steady gains in our Facebook metrics every month of 2020 so far. Our page views increased by 28% and followers up 21%. Our campaigns resulted in 17 new page likes and reached a total of 8,861 people, an 8% jump.

Twitter

Over the last month on Twitter our followers were up, despite lower impressions and profile visits. Though our metrics are down, most of that is due to a fewer number of tweets this month. We have continued to tweet the same content we share on Facebook to engage new and existing followers as well as retweeting relevant content. Our tweets resulted in 1,771 impressions and 59 visits to our profile.



ADVERTISING & MARKETING

Website

Our website metrics were slightly down this month, with a decrease in sessions, page views, and users between 3 and 9%. The majority of our traffic this month came from organic search, which comprised 44% of visits, direct website entry was 27%, and social media made up 18%. Our top pages for views, in order, were the homepage, location-maps, the Oil Price & Covid 19 Business Impact page, and the major employers page.

Info on new followers/likes:

Facebook: 17 new page likes

Twitter: 2 new followers

LinkedIn: 2 new followers

Odessa Development Corporation Digital Report

March 2020

Social Overview

 Total Social Impressions

16.72K 17.63K
▲ 5%
IMPRESSIONS

 Total Social Clicks

714 1.64K
▲ 129%
CLICKS

 Total Social Engagement

1.53K 2.34K
▲ 53%
ENGAGEMENT

 Total Social Likes

659 471
▲ 29%
LIKES

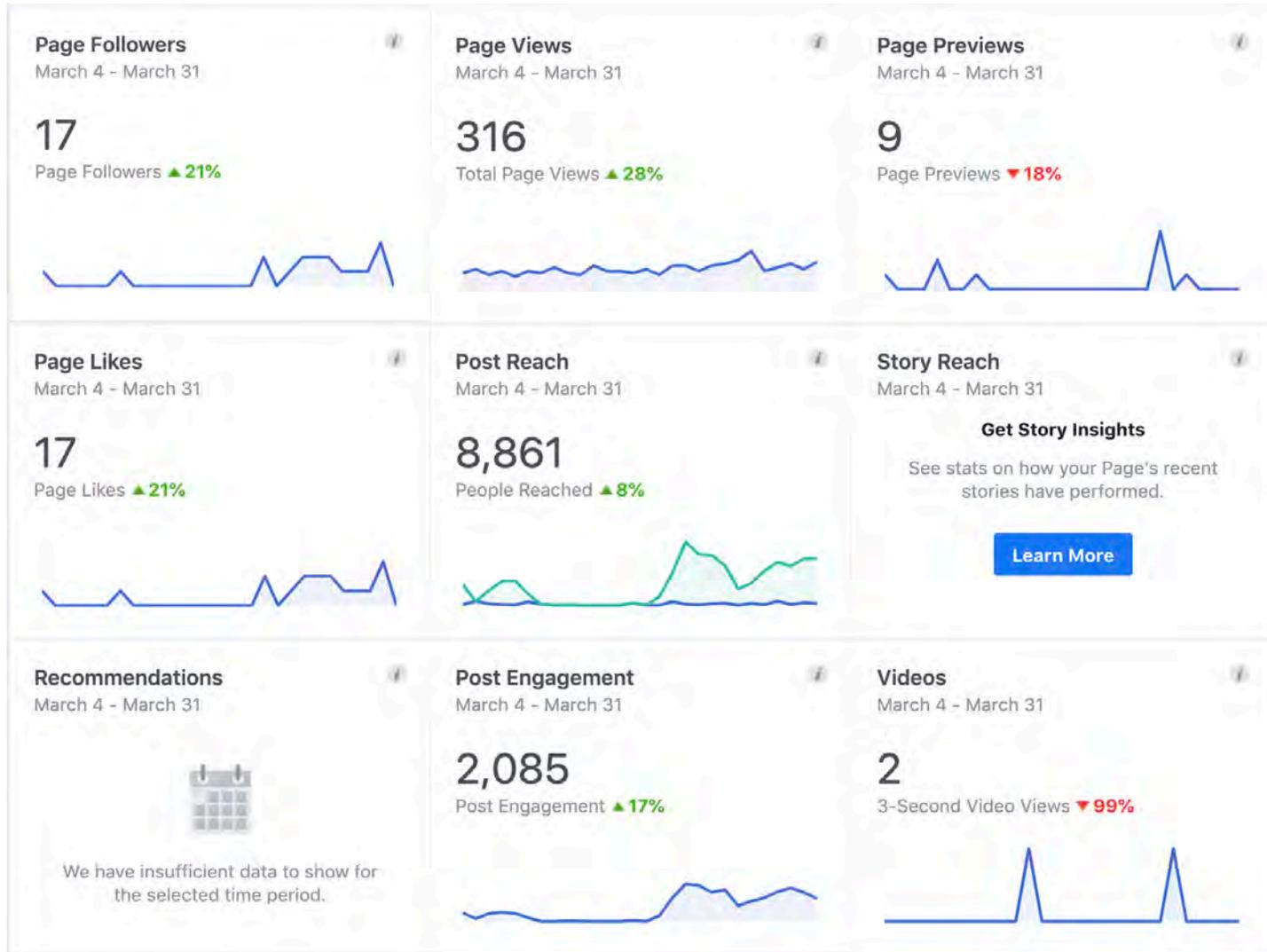
 Total Social Followers

2.89K 2.91K
▲ 1%
FOLLOWERS

 Total Social Shares

138 215
▲ 56%
SHARES

Facebook Overview



Facebook Top Posts



Odessa Development Corporation

Published by Caleb Burnett [?] · March 20 at 8:00 AM · 🌐

The Odessa Chamber of Commerce is monitoring COVID-19 virus developments, including updates and recommendations from the Centers for Disease Control and Prevention (CDC), as well as state and city health departments and other partners.

We are working to determine additional ways we can be supportive of our member businesses and organizations in this ever-evolving situation.

Please check out the available resources below!... [See More](#)



ODESSACHAMBER.COM

**COVID-19 Updates & Information –
Odessa Chamber of Commerce**



3,714

People Reached

1,099

Engagements

[Boost Again](#)



Odessa Development Corporation

Published by Caleb Burnett [?] · March 17 at 8:50 AM · 🌐

Sewell Auto Tech officially opened its doors Thursday, February 27th at 2425 East 8th St.

Odessa College, the Sewell Family of Companies and Odessa Development Corporation built a state-of-the-art campus that has been years in the making.



[About this website](#)

ODESSATEX.COM

**Sewell Auto Tech opens after years in the making - Odessa TX
| Economic Development**

Twitter Overview

MAR 2020 SUMMARY

Tweets

5

Tweet impressions

2,238

Profile visits

73

Mentions

4

New followers

2

28 day summary with change over previous period

Tweets

3 ↓ 66.7%



Tweet impressions

1,771 ↓ 44.2%



Profile visits

59 ↓ 13.2%



Mentions

3



Followers

962 ↑ 2



Top Tweets

Top Tweet earned 399 impressions

At the [@TexasEconDev](#) meeting yesterday, Governor Abbott discussed economic development and recognized Texas for its 8th straight Governor's Cup win!

[-@WR_Burnett](#)
pic.twitter.com/av5hQSQlK5



1 6

[View Tweet activity](#)

[View all Tweet activity](#)

Top mention earned 84 engagements

 **Renee H. Earls**
[@rears1](#) · Mar 4

So proud to celebrate travel and tourism in the Lone Star State! [@DiscoverOdessa](#) [@odessadevelop](#) [@OdessaChamber](#) [@kseliger](#) [@ttianews](#)
pic.twitter.com/R7WfuC81Vp



2 15

[View Tweet](#)

Top media Tweet earned 141 impressions

The brand new [@OdessaCollege](#) Sewell Auto Tech facility will host its grand opening February 27th!

The Odessa Development Corporation provided an \$8 million grant for the construction of and equipment for the facility.

More info here:
odessa.edu/Programs/Schoo...
pic.twitter.com/Lm5x2VGpHF



[View Tweet activity](#)

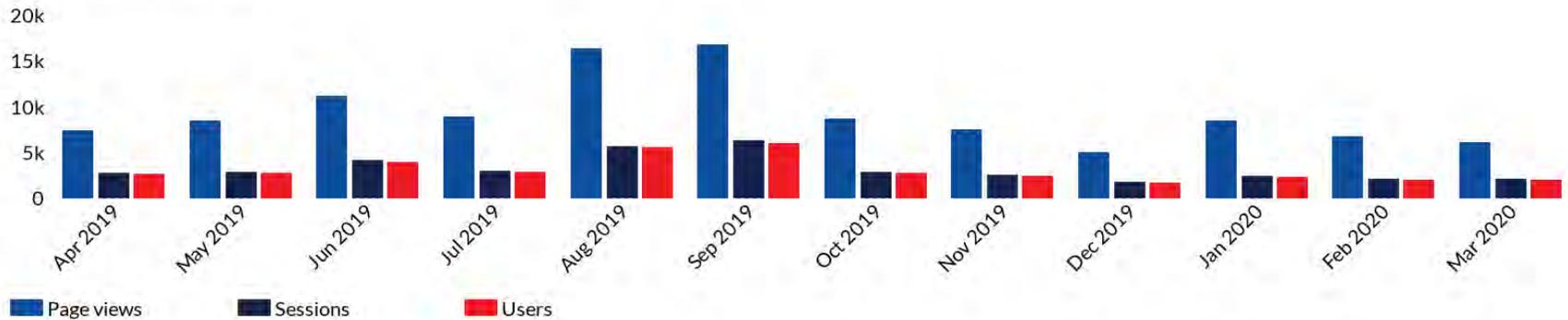
[View all Tweet activity](#)

Website Performance

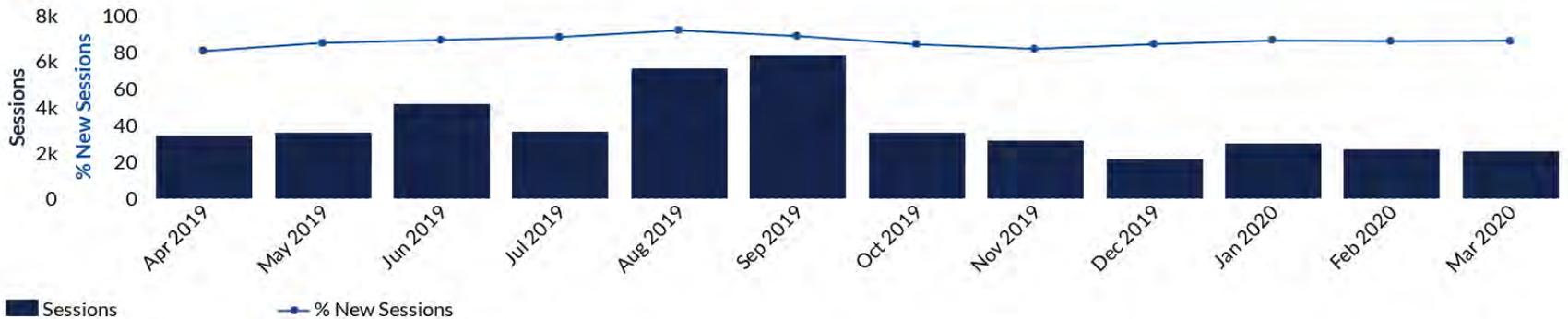
Performance KPIs



Website Performance Trend



Sessions vs New Sessions





ADVERTISING & MARKETING

ODESSA DEVELOPMENT CORPORATION

APRIL 2020 ACTIVITIES

PODCAST/TV AD SERIES

Podcast - Opportunity Odessa

New interviewees have been selected for recorded interviews and will be scheduled to record their segments once COVID-19 restrictions are lifted.

TV News Segment - Spirit of Odessa

The recording of Wesley Burnett's segments on housing, education, healthcare, and local expansion will be rescheduled as soon as possible.

KWES - Investing at Home

Aired in March: Bubba Saulsbury & Kirk Edwards.

TELEVISION

Our Nick Fowler testimonial TV spots (3) ran through the second week of March but were stopped mid-month due to the COVID-19 outbreak and subsequent cancelling of sporting events in which we had scheduled our BR&E spot to air. We will not be charged for spots that did not air. We will look to reschedule these sporting events once new seasons/schedules begin.

PUBLICATIONS

Our Nick Fowler ad in the Odessa American BR&E series continues to run periodically through out the month of April.



ADVERTISING & MARKETING

WEBSITE

In response to the COVID-19 outbreak, a new tab was added to the home page of the ODC website that links directly to the application for ODC Incentives on the site. This will enable interested parties to easily access the application directly from the home page.

SURVEY RESULTS

CVA worked with the Economic Development Department of the Chamber of Commerce to survey Odessa business leaders in a wide array of segments regarding the impact of the COVID-19 and declining oil and gas prices. The survey was issued the last week of March and continued to receive responses well into the month of April. Approximately 55 companies responded and results of that survey can be seen at this link: <https://www.surveymonkey.com/results/SM-TK5CGWGM7/>. Password is ODC 2020. A few highlights include:

- 61.11% of respondents said that their employee count has not been modified due to COVID-19, while only 51.85% stated that their employee counts had not been affected by the downturn in the oil and gas economy.
- Only 43.40% of respondents had standing lines of credit established to help bridge interruption.
- 86.79% of respondents stated that they anticipate permanent reductions in their workforce within a 3 month period.

SOCIAL MEDIA/DIGITAL MEDIA

Overview

In April, our overall social media engagement and shares across all platforms was down after a sharp increase in March. We continued the page likes campaign on Facebook, resulting in 12 new page likes, compared to 17 last month. Our Twitter impressions and



ADVERTISING & MARKETING

profile visits were down due to a lower tweet volume, with only 3 posts. Finding positive content related to our area was a challenge this month.

Facebook

Over the last month on Facebook, CVA has continued to generate content from relevant articles of local news organizations. Facebook metrics were much higher this month. We've been seeing steady gains in our Facebook metrics every month of 2020 so far. Our page views increased by 3% and video views were up 160%, though our followers only increased by 12, fewer than last month. Our campaigns resulted in 11 new page likes and reached a total of 13,371 people, a 22% jump.

Twitter

Over the last month on Twitter our metrics were down significantly across the board. Though our metrics are down, most of that is due to a fewer number of tweets this month. We have continued to tweet the same content we share on Facebook to engage new and existing followers as well as retweeting relevant content. Our tweets resulted in 1,586 impressions and 46 visits to our profile.

f

Website

Our website metrics were mixed this month, with a 1% increase in page views, but a 4% decline in sessions. The majority of our traffic this month came from organic search, which comprised 50% of visits, direct website entry was 35%, and social media made up 5%, which is down significantly because we had fewer positive news articles linked to our page via social media. Our top pages for views, in order, were the homepage, location-maps, the why Odessa page, and the research reports page.

Info on new followers/likes:

Facebook: 12 new page likes

Twitter: -2 new followers

LinkedIn: 4 new followers

Odessa Development Corporation Digital Report

April 2020

Social Overview

 Total Social Impressions

6.01K
IMPRESSIONS

 Total Social Clicks

220
CLICKS

 Total Social Engagement

471
ENGAGEMENT

 Total Social Likes

117
LIKES

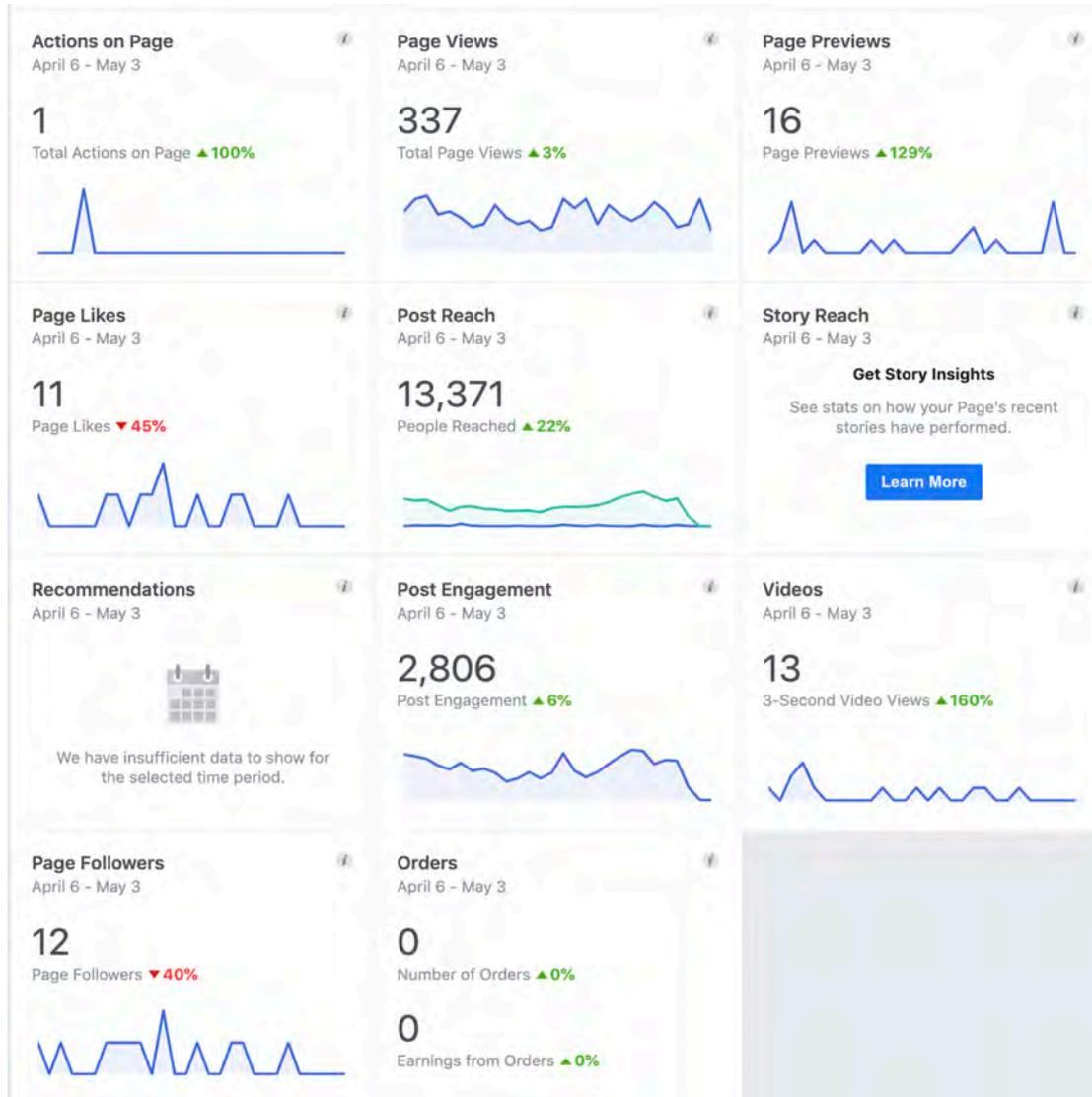
 Total Social Followers

2.91K
FOLLOWERS

 Total Social Shares

128
SHARES

Facebook Overview



Facebook Top Posts

 **Odessa Development Corporation**
Published by Caleb Burnett [?] · April 2 · 🌐

A message from ODC on the Oil Price/COVID-19 situation:
The Odessa Development Corporation exists to strengthen and diversify Odessa's economy through the promotion and development of industrial and manufacturing enterprises within our capabilities as a Type A Sales tax corporation.
Today our mission is more critical than ever.... [See More](#)



SURVEYMONKEY.COM
Oil Price & COVID-19 Business Impact [Learn More](#)
Take this survey powered by surveymonkey.com. Creat...

7,547 People Reached **1,087** Engagements [Boost Again](#)

 **Odessa Development Corporation**
Published by Caleb Burnett [?] · April 23 at 3:30 PM · 🌐

"I am so grateful for our partnership with UTPB. This housing initiative, which will protect our front line healthcare workers' families, is just one example of UTPB's reach well beyond the education of our community," said Stacey Brown, President of Odessa Regional Medical Center.



ODESSATEX.COM
UTPB to Provide Housing to Medical Heroes and First Responders - Odessa TX | Economic Development

2,784 People Reached **341** Engagements [Boost Again](#)

Twitter Overview

APR 2020 SUMMARY

Tweets

3

Tweet impressions

1,586

Profile visits

46

Mentions

2

New followers

-2

28 day summary with change over previous period

Tweets

2 ↓ 33.3%

Tweet impressions

1,191 ↓ 34.3%

Profile visits

33 ↓ 43.1%

Mentions

2 ↓ 33.3%

Followers

960 ↓ -2



Top Tweets

Top Tweet earned 267 impressions

We will be collecting data about how the COVID-19/Oil price situation is impacting Odessa businesses. Please take a few moments to fill out the survey below to help us understand how this situation is affecting your business & how we might be able to help: surveymonkey.com/r/QLXW6W2

[View Tweet activity](#)

[View all Tweet activity](#)

Top media Tweet earned 204 impressions

Owners & operators of small businesses in the Permian Basin, join Congressman Mike Conaway and Calvin Davis, District Director of the SBA, on April 8th at 11AM CT to discuss resources available to small businesses.

To RSVP, please sign up at this link:
conaway.house.gov/forms/form/?ID...
pic.twitter.com/zCX5CIPPr



Top mention earned 17 engagements



Renee H. Earls

@rearis1 · Apr 3

This a HUGE! Moving in the right direction.
[@odessadevelop](#) [@DiscoverOdessa](#)
[@OdessaChamber](#)
twitter.com/katieorth/stat...

🔄 1 ❤️ 8

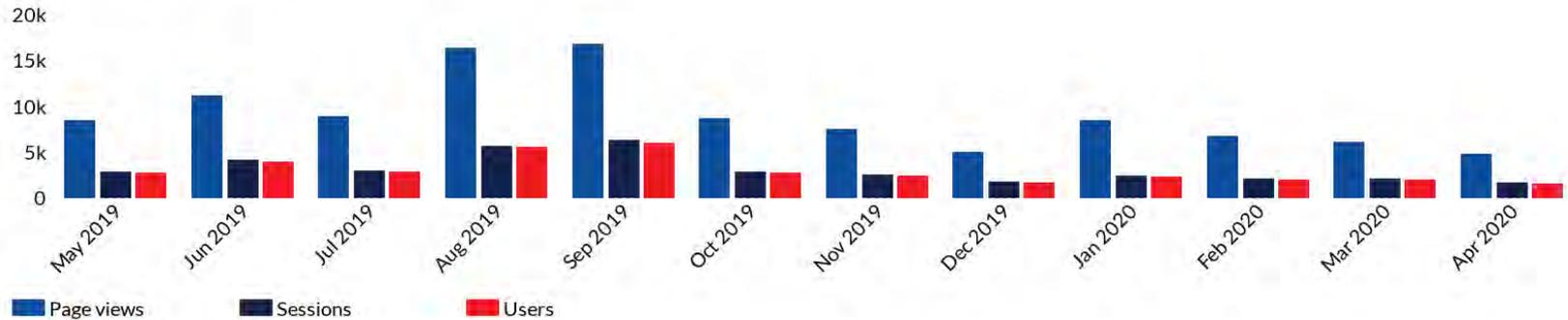
[View Tweet](#)

Website Performance

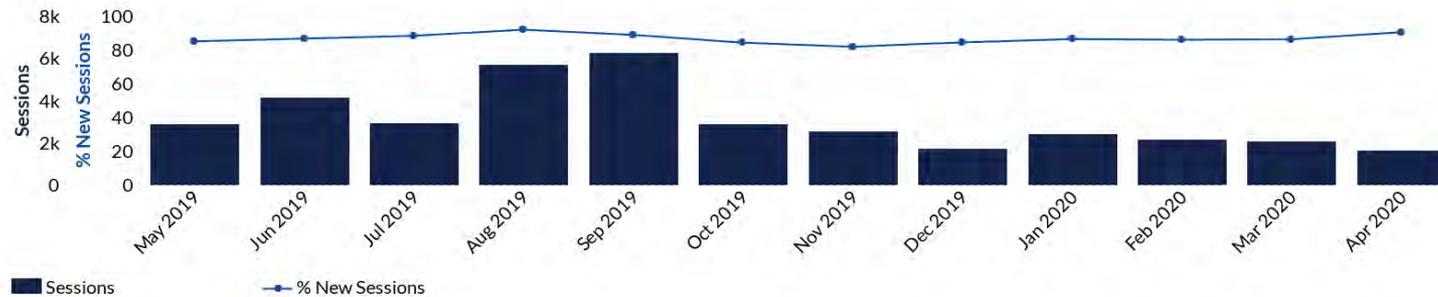
Performance KPIs



Website Performance Trend



Sessions vs New Sessions





04/06/2020

Odessa Development Corporation Board of Directors,

March, as you all know, was chaotic at best. With all the COVID-19 closures and quarantines, the 2020 Odessa Business Challenge continues to carry on, but first, I'd like to give a brief recap leading up to this month. At the end of January, we held three orientations, which brought in 89 attendees. Of those 89 attendees, 37 businesses paid to be part of this year's challenge, up from the previous high of 24 from 2019.

In January, we administered one seminar, (1) Brainstorming/Business Model Canvas, as all assigned workshops are mandatory. Many participants began scheduling the necessary time with myself, the Director of Business Competitions/Business Challenge Consultant, to discuss their business development.

In February, we administered four seminars, (1) How to Write a Business Plan, (2) How to Write an Investor Fact Sheet, (3) Marketing Your Small Business 101, and (4) Marketing Your Small Business 102. I met with all the participants multiple times to go over their business plans and investor fact sheets. Participants also emailed me their rough drafts of the fact sheet for review, and I sent them back feedback.

This brings us to March. Five seminars were scheduled for the month, (1) Legal Structure and Intellectual Property, (2) How to Build Your Outside Team, (3) Employee Benefits, (4) New Taxpayer, and (5) Bank Lender Panel, however, we were only able to present the first one due to the COVID-19 pandemic. The Investor Fact Sheets were due on March 6th and were delivered to the Judges on March 13th. The judges had three weeks to score the fact sheets and return them to me to determine which 15 businesses will go on to the next round. The top 15 average scores from the five judges will go on.

On March 19th, the SBDC and Challenge department were sent home to begin to work remotely until further notice. While we waited for the Judges to score the Fact Sheets, I continued to work with all the participants. I scheduled appointments through Zoom and reviewed their business plans through email.

On April 6th, I announced the results of Round 1. The Top 15 business going on to Round 2 are as followed

Amenti Beauty Academy - owner Nancy Davis

BDaniel's Event Rentals - owner Bianca Sandoval

Dreamers Investments dba SnoKing - owner Gerardo Mazariegos

Helios Event Center - owners Christian Montoya, Roslyn Uranga & Araceli Sanchez

JJJ Auto Repair - owner Jose Rodriguez



Keystone - owner Venu Yankarla
Pegasus Oil Field Services - owners Alex Sanchez, Reymundo Frausto & Ruben Berdoza
Permian - owners Lisa Brazile & Kim Schnaubert
Pest Geeks - owner Artis Manning
Pocket Grader - owner Christopher Ornelas
Roadrunner 1 Mobile Drug Testing - owner Miguel Porras
Rooster's Diner - owner Erik Prado
RyKor - owner Jim Patterson
Sikur Services - owner Bryan McGowen
West Texas Courts - owner Alexcia Harris

The business moving on will continue to work with me on their business plans. The due date for the business plans is April 24th. The ones that did not go on have been introduced to Tyler Patton, Director of the UTPB Small Business Development Center. They have been encouraged to continue to pursue their business goals. All the participants will be invited to the makeup seminars even if they are rescheduled after the conclusion of the competition.

Lastly, at the ODC board meeting in March, Chris Cole and Gene Collins asked me to survey the attendees of the OBC20 Orientations and ask the ones that did not join why they made that decision. I sent out that survey and did not receive an adequate response. To encourage them to take the survey, we are now offering a \$25 Visa gift card to a random person who fills out the survey. Hopefully, this will garner a better response. I will report on my findings in my next report.

As of today, the program approved a single payment for the required \$37,750 expenditure to satisfy the marketing obligation described in the proposal. All remaining monies are allocated for the awards night, confirming the end of the Challenge.

Respectfully,

Bryan Bierwirth
Director of Business Competitions
University of Texas Permian Basin
432-552-2463
Bierwirth_b@utpb.edu



05/01/2020

Odessa Development Corporation Board of Directors,

There was no slowing down in the month of April for all those involved with the Odessa Business Challenge. COVID-19 forced us to do things differently, but the work was still getting done. Before diving into the details, I'd like to give a brief recap leading up to this month. At the end of January, we held three orientations, which brought in 89 attendees. Of those 89 attendees, 37 businesses paid to be part of this year's challenge, up from the previous high of 24 from 2019.

In January, we administered one seminar, (1) Brainstorming/Business Model Canvas, as all assigned workshops are mandatory. Many participants began scheduling the necessary time with myself, the Director of Business Competitions/Business Challenge Consultant, to discuss their business development.

In February, we administered four seminars, (1) How to Write a Business Plan, (2) How to Write an Investor Fact Sheet, (3) Marketing Your Small Business 101, and (4) Marketing Your Small Business 102. I met with all the participants multiple times to go over their business plans and investor fact sheets. Participants also emailed me their rough drafts of the fact sheet for review, and I sent them back feedback.

In March, five seminars were scheduled, (1) Legal Structure and Intellectual Property, (2) How to Build Your Outside Team, (3) Employee Benefits, (4) New Taxpayer, and (5) Bank Lender Panel, however, we were only able to present the first one due to the COVID-19 pandemic. The Investor Fact Sheets were due on March 6th and were delivered to the Judges on March 13th. The Top 15 average scores from the five judges went on to Round 2.

On March 19th, the SBDC and Challenge department were sent home to begin to work remotely until further notice. While we waited for the Judges to score the Fact Sheets, I continued to work with all the participants. I scheduled appointments through Zoom and reviewed their business plans through email.

On April 6th, UTPB began to allow the SBDC and the Challenge Department to work in their office at the CEED Building again if we wanted to. They gave us the option to work remotely or in the office, but we were still not allowed to have anyone that is not UTPB Staff to enter the building. We continued to meet with clients over Zoom and the phone. I announced the results of Round 1 on April 6th. The Top 15 business that went on to Round 2 were

Amenti Beauty Academy - owner Nancy Davis

BDaniel's Event Rentals - owner Bianca Sandoval

Dreamers Investments dba SnoKing - owner Gerardo Mazariegos

Helios Event Center - owners Christian Montoya, Roslyn Uranga & Araceli Sanchez



- JJJ Auto Repair - owner Jose Rodriguez
- Keystone - owner Venu Yankarla
- Pegasus Oil Field Services - owners Alex Sanchez, Reymundo Frausto & Ruben Berdoza
- Permian - owners Lisa Brazile & Kim Schnaubert
- Pest Geeks - owner Artis Manning
- Pocket Grader - owner Christopher Ornelas
- Roadrunner 1 Mobile Drug Testing - owner Miguel Porras
- Rooster's Diner - owner Erik Prado
- RyKor - owner Jim Patterson
- Sikur Services - owner Bryan McGowen
- West Texas Courts - owner Alexcia Harris

Throughout the month of April, the businesses moving on continued to work with me on their business plans. The ones that did not go on were introduced to Tyler Patton, Director of the UTPB Small Business Development Center. They were encouraged to continue to pursue their business goals with the help from the SBDC.

We were able to host one seminar in the month of April, Business Insurance 101. We presented the seminar over Zoom. All the participants, regardless if they were eliminated after Round 1, were able to attend, but attendance was mandatory for the businesses still competing.

The business plans were due on April 24th and were sent to the judges on May 1st for another round of scoring. Coming up in May, we will present the seminar, How to Pitch, virtually through Zoom. I will work with the participants on their presentations leading up to the Pitch Presentations on June 9th. We will also have to decide on how to handle the Pitch Presentations and Award Ceremony amidst the COVID-19 pandemic. I will talk to the Marriott and the judges before making a decision. The results of Round 2 will be announced on June 1st.

Lastly, at the ODC board meeting in March, Chris Cole and Gene Collins asked me to survey the attendees of the OBC20 Orientations to determine what factors went into their decision to participate in the Challenge. We offered a \$25 Visa gift card to a random person as an incentive to take the survey. Out of the 89 Orientation attendees, we received 21 responses to the survey. Here are the results

Did you sign up to participate in the 2020 Odessa Business Challenge?

[More Details](#)

● Yes	17
● No	4



Was the entry fee a factor in your decision to enter the OBC20?

[More Details](#)

● Yes	7
● No	14



Was your credit score a factor in your decision to enter the OBC20?

[More Details](#)

● Yes	10
● No	11



Was the background check a factor in your decision to enter the OBC20?

[More Details](#)

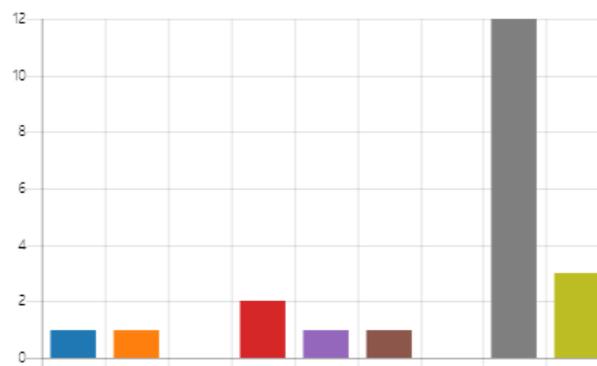
● Yes	1
● No	20



If you did not sign up for the OBC20, what was the main reason?

[More Details](#)

● Entry fee was too high	1
● Wouldn't be able to attend th...	1
● I have a felony on my record	0
● My credit score is too low	2
● I don't have the time	1
● I'm not sure about a business ...	1
● I didn't think I would win	0
● NA (Not Applicable)	12
● Other	3





Of the 89 individuals that attended one of the three Orientations, only four that did not sign up took the survey. Seven survey takers said that the entry fee price was a deciding factor to enter the OBC20; however, only one person chose the "Entry fee was too high" option to the question "If you did not sign up for the OBC20, what was the main reason?" The most popular answer for those that did not sign up listed, "My credit score is too low" as the main reason.

As of today, the program approved a single payment for the required \$37,750 expenditure to satisfy the marketing obligation described in the proposal. All remaining monies are allocated for the awards night, confirming the end of the Challenge.

Respectfully,

Bryan Bierwirth
Director of Business Competitions
University of Texas Permian Basin
432-552-2463
Bierwirth_b@utpb.edu



P. O. Box 60816 • Midland, Texas 79711
(432) 563-6240

La Entrada al Pacífico

March 19, 2020

RECEIVED
MAR 20 2020

BY CITY SECRETARY

The Honorable Tim Edgmon, Chair
Odessa Development Corporation
P.O. Box 4398
Odessa, Texas 79760

Dear Chairman Edgmon:

Please find the attached monthly financials and activity report for the Midland-Odessa Transportation Alliance, Inc., for the month February, 2020.

We appreciate your continued support and assistance.

Sincerely,

A handwritten signature in black ink that reads "James Beauchamp". The signature is written in a cursive style with a long, sweeping underline.

James Beauchamp
President, Midland-Odessa
Transportation Alliance

cc. The Honorable David Turner, City of Odessa

9:56 AM
03/05/20
Cash Basis

MOTRAN ALLIANCE, INC.
Profit & Loss YTD Comparison
February 2020

	Feb 20	Oct '19 - Feb 20
Ordinary Income/Expense		
Income		
4000 · Founding Member Dues	5,417.00	17,085.00
4010 · Member Dues	30,750.00	41,333.33
4200 · Interest Earned	63.06	302.37
4300 · Miscellaneous Income	0.00	5,000.00
4400 · Grants	20,000.00	20,000.00
4410 · MDC	0.00	71,250.00
4420 · ODC	0.00	71,250.00
4600 · PBC Revenue	5,000.00	9,500.00
Total Income	61,230.06	235,720.70
Expense		
ODC Wifi Study	0.00	4,000.00
5000 · Marketing		
5001 · MOTRAN Marketing	3,455.61	7,671.24
5000 · Marketing - Other	824.62	7,111.67
Total 5000 · Marketing	4,280.23	14,782.91
5025 · Travel Expenses	1,896.44	4,912.87
5050 · Events & Expos	5,980.46	19,850.58
5075 · Professional Services	1,180.00	12,180.00
6000 · Administration		
6035 · Dues & Subscriptions	14.98	503.02
6045 · Food & Entertainment	561.92	2,222.53
6055 · Gifts	245.00	1,572.95
6075 · Miscellaneous Expense	0.00	258.88
6085 · Office Lease	0.00	5,310.00
6090 · Office Supplies	687.09	2,343.11
6105 · Postage	617.99	965.95
6115 · Program Supplies	994.69	1,189.21
6140 · Telephone	323.55	1,675.66
Total 6000 · Administration	3,445.22	16,041.31
6011 · Credit Card Charges	9.05	56.32
6073 · Lodging		
6074 · Delegation	0.00	110.85
Total 6073 · Lodging	0.00	110.85
6500 · Personnel		
6501 · Salaries & Wages	18,825.00	100,175.00
6502 · Payroll Taxes	1,486.47	6,880.10
6503 · Employee Health Reimbursement	788.00	4,507.00
6504 · Payroll Service Fee	113.62	665.95
6505 · Retirement Contributions	564.75	3,005.25
Total 6500 · Personnel	21,777.84	115,233.30
7410 · Previous year remittance-MDC	0.00	66.57
7420 · Previous year remittance-ODC	0.00	66.57
Total Expense	38,569.24	187,301.28
Net Ordinary Income	22,660.82	48,419.42
Net Income	22,660.82	48,419.42

9:57 AM
03/05/20
Cash Basis

MOTRAN ALLIANCE, INC.
Balance Sheet
As of February 29, 2020

	<u>Feb 29, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Frost MOTRAN Checking	2,261.95
1010 · Frost MOTRAN Money Market	217,948.92
1015 · Frost-ODC Money Market	18,476.81
1020 · Frost- MDC Money Market	18,481.21
Total Checking/Savings	<u>257,168.89</u>
Total Current Assets	257,168.89
Fixed Assets	
1500 · Furniture & Fixtures	926.94
1510 · Accum. Dep - Furn & Fix	(926.94)
1520 · Machinery & Equipment	3,356.07
1530 · Accum Dep - Mach & Equip	(3,356.07)
Total Fixed Assets	<u>0.00</u>
TOTAL ASSETS	<u><u>257,168.89</u></u>
LIABILITIES & EQUITY	
Equity	
3900 · Net Assets	208,749.47
Net Income	48,419.42
Total Equity	<u>257,168.89</u>
TOTAL LIABILITIES & EQUITY	<u><u>257,168.89</u></u>

9:58 AM
03/05/20

MOTRAN ALLIANCE, INC.
Statement of Cash Flows
February 2020

	<u>Feb 20</u>
OPERATING ACTIVITIES	
Net Income	<u>22,660.82</u>
Net cash provided by Operating Activities	<u>22,660.82</u>
Net cash increase for period	22,660.82
Cash at beginning of period	<u>234,508.07</u>
Cash at end of period	<u><u>257,168.89</u></u>

**MOTRAN, INC. MONTHLY EXPENSE SUMMARY
FOR THE MONTH OF Feb-20**

EXPENDITURE CATEGORIES	MONTHLY EXPENSE	MDC	ODC
Credit Card Processing Fee	\$9.05		
Dues and Subscriptions	\$14.98		
Events and Expo's	\$5,980.46		
Food and Entertainment	\$561.92		
Gifts	\$245.00		
Health Insurance Reimbursement I-14 Initiative Insurance	\$788.00	\$394.00	\$394.00
MOTRAN Marketing	\$3,455.61	\$1,727.80	\$1,727.80
Other Marketing	\$824.62		
Misc. Expense			
Office Lease			
Office Supplies	\$687.09		
Payroll Salaries	\$18,825.00	\$9,412.50	\$9,412.50
Payroll Taxes	\$1,486.47	\$743.24	\$743.24
Payroll Service Fee	\$113.62		
Retirement	\$564.75		
Postage	\$617.99		
Professional Services	\$1,180.00		
Program Supplies	\$994.69		
Travel	\$1,896.44	\$948.22	\$948.22
Other Travel			
Utilities: Telephone & Internet	\$323.55		
ODC Wifi			
Previous Year Reimittance MDC			
Previous Year Reimittance ODC			
TOTAL EXPENSES	\$38,569.24	\$13,225.76	\$13,225.76

MOTRAN ALLIANCE, INC.
February 2020/City EDC Funding Breakdown

	<u>Budget</u> FY2018-19	<u>Current</u> Month	<u>YTD Amount</u>	<u>Remaining</u> Balance	<u>Percent</u> <u>Remaining</u>
Revenue					
Founding Members Dues	\$20,000.00	\$5,417.00	\$17,085.00	\$2,915.00	15%
Member Dues	\$65,000.00	\$30,750.00	\$41,333.33	23,666.67	84%
Midland Development Corp	\$142,500.00		\$71,250.00	\$71,250.00	50%
Odessa Development Corp	\$142,500.00		\$71,250.00	\$71,250.00	50%
PBC Revenue	\$50,000.00	\$5,000.00	\$9,500.00	\$40,500.00	81%
Grants	\$5,000.00	\$20,000.00	\$20,000.00	(\$15,000.00)	0%
Interest Income	\$1,500.00	\$63.06	\$302.37	\$1,197.63	80%
Misc. Income	\$2,500.00		\$5,000.00	(\$2,500.00)	0%
Total Revenues	\$429,000.00	\$61,230.06	\$235,720.70	\$193,279.30	45%
Expenditures					
Dues & Subscriptions					
Events					
Food & Entertainment					
Gifts					
Health Ins. Reimbursement	\$2,500.00	\$394.00	\$2,253.50	\$246.50	10%
Insurance					
I-14 Initiative	\$2,500.00			\$2,500.00	
Miscellaneous Expenses					
Office Lease					
Office Supplies					
Payroll-Salaries	\$115,000.00	\$9,412.50	\$50,087.50	\$64,912.50	56%
Payroll-Service Fee					
Payroll Taxes	\$7,500.00	\$743.24	\$3,440.04	\$4,059.96	54%
Retirement					
Postage					
Marketing	\$5,000.00	\$1,727.80	\$3,760.39	\$1,239.61	25%
Other Marketing					
Program Supplies					
Telephone					
Travel Expenses	\$5,000.00	\$948.22	\$2,456.43	\$2,543.57	51%
Travel Other					
Professional Services	\$5,000.00		\$5,000.00	\$0.00	0%
TOTAL EXPENSES	\$142,500.00	\$13,225.76	\$66,997.86	\$75,502.14	53%



March 2020

Permian Basin Data for UTP Revision

Currently, we are collecting and sharing data regarding Permian Basin Economics and Energy Production with key state leaders and TXDOT Executives and Commission Leadership leading up to the next Unified Transportation Plan Revision. We have attached some of that information regarding increased energy production in 2019 and a break-out of top GDP producing MSA's in Texas.

While the recent economic hardships are evident, we still lead the state and nation in energy production. Now is the time to continue efforts on long-overdue critical infrastructure instead of pulling back.

I-20 Improvements

Attached is the updated I-20 improvement plan for Midland-Odessa. The program now consolidates additional main-lanes with frontage road conversion and expedites the project timeline. We anticipate additional Permian Basin funding held back (\$230 million) from the last UTP revision will be attributed to I-20, and are currently working with TXDOT on two build-grants that would fill the remaining funding gap for the plan.

Local and Regional Planning Studies

We are working with local and regional entities to draft and advance several area studies (3 in the Midland-Odessa Metropolitan area and three connecting the metro area with the surrounding region). We will provide additional information on those specific areas to develop and advance future projects shortly.



CENTRAL PERMIAN BASIN ENERGY PRODUCTION SEE GIANT INCREASES

Oil and gas production in the 12 county TXDOT Odessa District saw a tremendous increase in 2019 compared to the previous year (2018), according to production numbers from the Texas Railroad Commission, in a report released by the Midland-Odessa Transportation Alliance.

Total gas production increased by over 750 million mcf, bringing total production in the 12 counties to nearly 2.7 billion mcf. Reeves County saw an increase in 2019 of over 405 million mcf production and Midland County saw an increase of over 110 million.

Gas production in the 12 county Odessa District made up 27.5% of total gas production in Texas.

GAS PRODUCTION COUNTY	2018 -2019 INCREASE	2019 TOTAL PRODUCTION
Reeves	405,409,282	1,010,685,565
Midland	110,360,167	419,112,417
Martin	75,291,965	205,390,692
Loving	61,361,504	365,906,339
Upton	53,281,078	238,937,395
Ward	36,915,076	122,146,793
Winkler	12,336,498	48,142,792
Pecos	8,307,041	105,671,843
Andrews	-3,722,486	65,486,779
Crane	-113,508	39,081,000
Ector	-1,838,013	50,098,535
Terrell	-113,633	19,623,868
TOTAL	757,474,971	2,690,284,018

Reeves, and Midland, along with Martin County also saw the largest increases in oil production. Reeves increased by over 54 million barrels in 2019, with Martin County gaining over 35 million and Midland County adding nearly 33 million.

Oil Production was up in 11 of the 12 counties. Andrews saw a decrease in production of just over 3.5 million barrels. The total increase in the 12 counties for 2019 was 172.3 million, bringing total oil production in the area to 805.8 million in 2019.

OIL PRODUCTION COUNTY	2018 TO 2019 INCREASE	2019 TOTAL PRODUCTION
Reeves	54,027,028	179,592,175
Martin	35,029,425	114,814,996
Midland	32,943,924	172,974,361
Loving	14,069,338	107,008,202
Ward	12,965,508	47,401,009
Pecos	9,629,353	30,009,133
Upton	9,498,387	69,441,256
Winkler	6,738,729	20,759,726
Crane	651,443	7,410,122
Ector	379,744	19,436,088
Terrell	6,375	97,599
Andrews	-3,578,486	36,909,973
TOTAL	172,360,768	805,854,640

The annual oil production just in these 12 counties amounts to just over 2.2 million barrels daily. That's more than Mexico and as much as Venezuela. If the Central Permian Basin was our own country we would be 12th on the list of top oil producing countries.

The 805.8 million barrels of oil produced in the 12 county Odessa District made up 47.9% of the state's entire oil production (1.68 billion barrels).

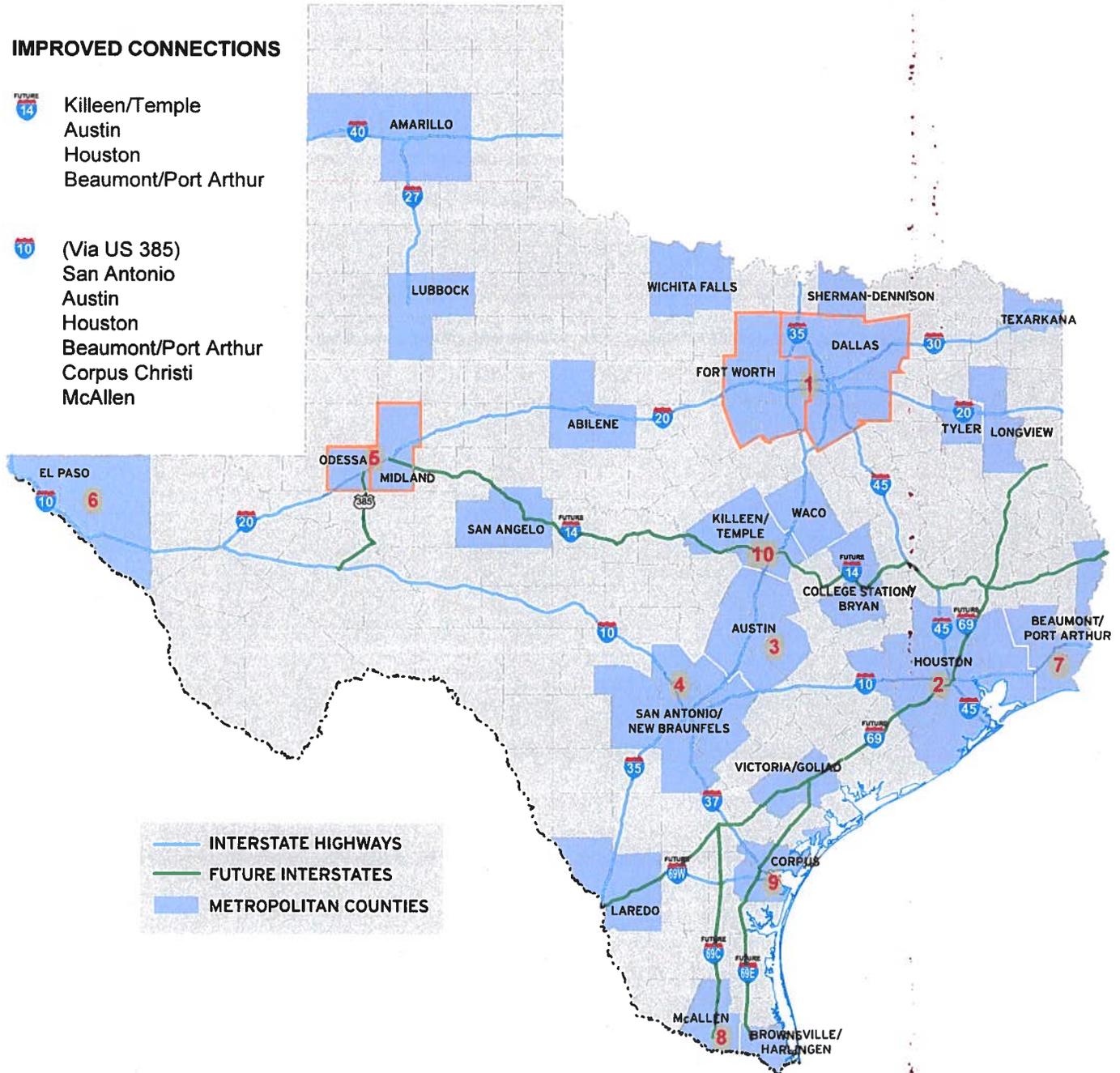
The broader Permian Basin region, the area accounted for 41% of gas production and 67.3% of crude oil production in the State of Texas.

2018-TOP 10 MSA'S IN TEXAS FOR GDP

IMPROVED CONNECTIONS

 Killeen/Temple
Austin
Houston
Beaumont/Port Arthur

 (Via US 385)
San Antonio
Austin
Houston
Beaumont/Port Arthur
Corpus Christi
McAllen



 INTERSTATE HIGHWAYS
 FUTURE INTERSTATES
 METROPOLITAN COUNTIES

RANK	MSA	GDP (\$ BILLIONS)
1	Dallas-Fort Worth-Arlington, TX	512.5
2	Houston-The Woodlands-Sugar Land, TX	478.8
3	Austin-Round Rock, TX	146.8
4	San Antonio-New Braunfels, TX	133.6
5	Midland-Odessa, TX	45.4
6	El Paso, TX	32.6
7	Beaumont-Port Arthur, TX	30.7
8	McAllen-Edinburg-Mission, TX	23.3
9	Corpus Christi, TX	23.2
10	Killeen-Temple, TX	18.8



I-20 ODESSA-MIDLAND CORRIDOR PROJECTS



CORRIDOR VISION

Develop a multimodal corridor plan that improves mobility and safety, enhances the region's economic opportunities and maintains infrastructure assets.

PROJECT DETAILS

The proposed projects on I-20 were developed as part of a corridor study of I-20 between FM 1936 west of Odessa to FM 1208 east of Midland. Individual projects were developed for this 40+ mile corridor to meet the needs of the region. Traffic and population are projected to grow in the area. The projects detailed on the following page help improve mobility, bring the roadway up to current design standards and improve safety throughout the corridor.

Ultimate corridor improvements will include three mainlanes in each direction, and one-way frontage roads with Texas U-turns for access. Most ramps and interchanges will be improved, and new interchanges will be constructed at Faudree Road, CR 1300, CR 1260, CR 1250 and CR 1140. Roadway geometry will be updated to the latest design standards. Underpasses will be converted to overpasses at the following locations: West Loop 338, S. Crane Avenue, FM 1788, West Loop 250, Midkiff, Cotton Flat Road, S. Lamesa Road and CR 1150.

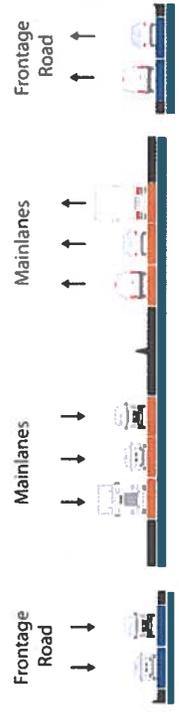
John R. Speed, P.E.
 Odessa District Engineer
 John.Speed@txdot.gov
 432-498-4710



PRESENT CONDITION



PROPOSED CONSTRUCTION



A travel lane will be added in each direction for a total of 6 mainlanes. Inside shoulders will be widened to ten feet. The divided facility with a depressed median will be converted to a divided facility, separated with a concrete traffic barrier.

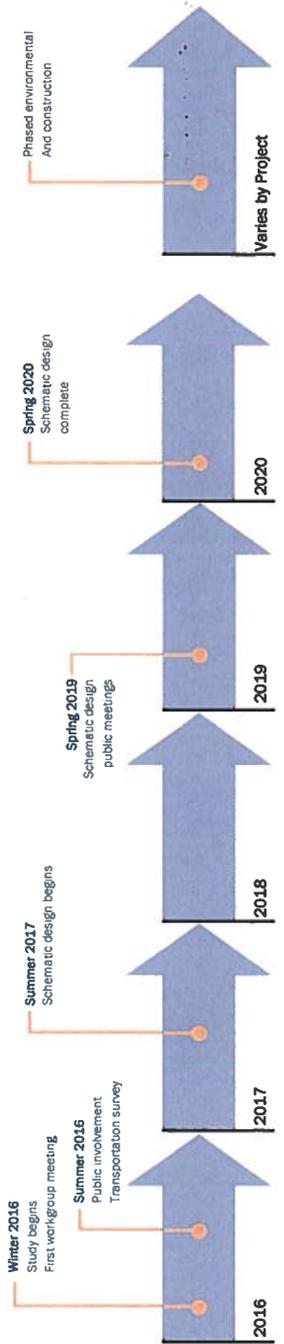
PROJECT STATUS

Anticipated Environmental Clearance:

- FM 1936 to JBS Parkway — Winter 2020
- JBS Parkway to East of SH 349 — Winter 2020
- East of SH 349 to FM 1208 — Fall 2021

Funding: Projects will be constructed in phases based on priority, funding and logical limits. Phase 1 projects, which include frontage roads, interchanges and ramps are fully funded and scheduled to begin letting in 2020. More detail is provided on the following page.

TIMELINE (anticipated and subject to change)



I-20 ODESSA-MIDLAND CORRIDOR PROJECTS



#	CSJ	County	Highway	Limits From	Limits To	Description	Anticipated Let Year	Length (Miles)	Estimate	Funded Amount	Funding Gap
1	0005-14-067	Midland	I-20	At Midkiff		Reconstruct interchange.	2020	1.5	\$ 28,160,000	\$ 28,160,000	-
2	0005-14-084	Midland	I-20	At CR 1250		Construct new interchange.	2020	1.0	\$ 30,000,000	\$ 30,000,000	-
3	0005-13-060	Midland and Ector	I-20	JBS Parkway	East of SH 349	Reconstruct frontage roads and convert to one-way operation.	2022	16.7	\$ 340,200,000	\$ 182,700,000	\$ 157,500,000
	Reconstruct interchanges and reconfigure ramps.										
	Add one travel lane eastbound and westbound.										
	Reconstruct frontage roads and convert to one-way operation.										
	Reconstruct interchanges and reconfigure ramps.										
Add one travel lane eastbound and westbound.											
4	0004-07-124	Ector	I-20	FM 1936	JBS Parkway	Reconstruct frontage roads and convert to one-way operation.	2024	8	\$ 214,950,000	\$ 127,750,000	\$ 87,200,000
	Reconstruct interchanges and reconfigure ramps.										
	Add one travel lane eastbound and westbound.										
	Reconstruct frontage roads and convert to one-way operation.										
	Reconstruct interchanges and reconfigure ramps from east of SH 349 to FM 307.										
Add one travel lane eastbound and westbound.											
5	0005-15-092	Midland	I-20	East of SH 349	FM 1208	Reconstruct interchanges and reconfigure ramps from east of SH 349 to FM 307.	2026	11.8	\$ 216,800,000	\$ 64,500,000	\$ 152,300,000
	Add one travel lane eastbound and westbound.										
Total Project									\$ 830,110,000	\$ 433,110,000	\$ 397,000,000



P. O. Box 60816 • Midland, Texas 79711
(432) 563-6240

La Entrada al Pacífico

April 24, 2020

RECEIVED
APR 27 2020

BY CITY SECRETARY

The Honorable Tim Edgmon, Chair
Odessa Development Corporation
P.O. Box 4398
Odessa, Texas 79760

Dear Chairman Edgmon:

Please find the attached monthly financials for March 2020, and activity report for the Midland-Odessa Transportation Alliance, Inc.

We appreciate your continued support and assistance.

Sincerely,

A handwritten signature in black ink that reads "James Beauchamp". The signature is fluid and cursive, with a long horizontal stroke at the end.

James Beauchamp
President, Midland-Odessa
Transportation Alliance

cc. The Honorable David Turner, City of Odessa

12:36 PM
 04/07/20
 Cash Basis

MOTRAN ALLIANCE, INC.
Profit & Loss YTD Comparison
 March 2020

	Mar 20	Oct '19 - Mar 20
Ordinary Income/Expense		
Income		
4000 · Founding Member Dues	417.00	17,502.00
4010 · Member Dues	24,000.00	65,333.33
4200 · Interest Earned	25.41	327.78
4300 · Miscellaneous Income	0.00	5,000.00
4400 · Grants	0.00	20,000.00
4410 · MDC	0.00	71,250.00
4420 · ODC	35,625.00	106,875.00
4600 · PBC Revenue	0.00	9,500.00
4700 · Heidelberg Donations	4,900.00	4,900.00
Total Income	64,967.41	300,688.11
Expense		
ODC Wifi Study	0.00	4,000.00
5000 · Marketing		
5001 · MOTRAN Marketing	0.00	7,671.24
5000 · Marketing - Other	0.00	7,111.67
Total 5000 · Marketing	0.00	14,782.91
5025 · Travel Expenses	0.00	4,912.87
5050 · Events & Expos	750.00	20,600.58
5075 · Professional Services	0.00	12,180.00
6000 · Administration		
6035 · Dues & Subscriptions	0.00	503.02
6045 · Food & Entertainment	0.00	2,222.53
6055 · Gifts	0.00	1,572.95
6075 · Miscellaneous Expense	0.00	258.88
6085 · Office Lease	0.00	5,310.00
6090 · Office Supplies	0.00	2,343.11
6105 · Postage	0.00	965.95
6115 · Program Supplies	0.00	1,189.21
6140 · Telephone	223.55	1,899.21
Total 6000 · Administration	223.55	16,264.86
6011 · Credit Card Charges	0.00	56.32
6033 · Donations	3,666.00	3,666.00
6073 · Lodging		
6074 · Delegation	0.00	110.85
Total 6073 · Lodging	0.00	110.85
6500 · Personnel		
6501 · Salaries & Wages	17,950.00	118,125.00
6502 · Payroll Taxes	1,365.79	8,245.89
6503 · Employee Health Reimbursement	0.00	4,507.00
6504 · Payroll Service Fee	110.10	776.05
6505 · Retirement Contributions	531.00	3,536.25
Total 6500 · Personnel	19,956.89	135,190.19
7410 · Previous year remittance-MDC	0.00	66.57
7420 · Previous year remittance-ODC	0.00	66.57
Total Expense	24,596.44	211,897.72
Net Ordinary Income	40,370.97	88,790.39
Net Income	40,370.97	88,790.39

12:24 PM
04/07/20
Cash Basis

MOTRAN ALLIANCE, INC.
Balance Sheet
As of March 31, 2020

	<u>Mar 31, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Frost MOTRAN Checking	2,365.51
1010 · Frost MOTRAN Money Market	249,041.80
1015 · Frost-ODC Money Market	40,876.58
1020 · Frost- MDC Money Market	5,255.97
Total Checking/Savings	<u>297,539.86</u>
Total Current Assets	297,539.86
Fixed Assets	
1500 · Furniture & Fixtures	926.94
1510 · Accum. Dep - Furn & Fix	(926.94)
1520 · Machinery & Equipment	3,356.07
1530 · Accum Dep - Mach & Equip	(3,356.07)
Total Fixed Assets	<u>0.00</u>
TOTAL ASSETS	<u><u>297,539.86</u></u>
LIABILITIES & EQUITY	
Equity	
3900 · Net Assets	208,749.47
Net Income	88,790.39
Total Equity	<u>297,539.86</u>
TOTAL LIABILITIES & EQUITY	<u><u>297,539.86</u></u>

12:25 PM
04/07/20

MOTRAN ALLIANCE, INC.
Statement of Cash Flows
March 2020

	<u>Mar 20</u>
OPERATING ACTIVITIES	
Net Income	40,370.97
Net cash provided by Operating Activities	<u>40,370.97</u>
Net cash increase for period	40,370.97
Cash at beginning of period	<u>257,168.89</u>
Cash at end of period	<u><u>297,539.86</u></u>

**MOTRAN, INC. MONTHLY EXPENSE SUMMARY
FOR THE MONTH OF Mar-20**

EXPENDITURE CATEGORIES	MONTHLY EXPENSE	MDC	ODC
Credit Card Processing Fee			
Dues and Subscriptions			
Events and Expo's	\$750.00		
Food and Entertainment			
Gifts			
Health Insurance Reimbursement			
Heidleberg Donation	\$3,666.00		
I-14 Initiative			
Insurance			
MOTRAN Marketing			
Other Marketing			
Misc. Expense			
Office Lease			
Office Supplies			
Payroll Salaries	\$17,950.00	\$8,975.00	\$8,975.00
Payroll Taxes	\$1,365.79	\$682.89	\$682.89
Payroll Service Fee	\$110.10		
Retirement	\$531.00		
Postage			
Professional Services			
Program Supplies			
Travel			
Other Travel			
Utilities: Telephone & Internet	\$223.55		
ODC Wifi			
Previous Year Reimittance MDC			
Previous Year Reimittance ODC			
TOTAL EXPENSES	\$24,596.44	\$9,657.89	\$9,657.89

MOTRAN ALLIANCE, INC.
March 2020/City EDC Funding Breakdown

	<u>Budget</u> <u>FY2018-19</u>	<u>Current</u> <u>Month</u>	<u>YTD Amount</u>	<u>Remaining</u> <u>Balance</u>	<u>Percent</u> <u>Remaining</u>
Revenue					
Founding Members Dues	\$20,000.00	\$417.00	\$17,502.00	\$2,498.00	12%
Member Dues	\$65,000.00	\$24,000.00	\$65,333.33	(333.33)	0%
Midland Development Corp	\$142,500.00		\$71,250.00	\$71,250.00	50%
Odessa Development Corp	\$142,500.00	\$35,625.00	\$106,875.00	\$35,625.00	25%
PBC Revenue	\$50,000.00	\$5,000.00	\$9,500.00	\$40,500.00	81%
Grants	\$5,000.00	\$20,000.00	\$20,000.00	(\$15,000.00)	0%
Interest Income	\$1,500.00	\$25.41	\$327.78	\$1,172.22	78%
Misc. Income	\$2,500.00		\$5,000.00	(\$2,500.00)	0%
Heidelberg Donations	\$4,000.00	\$4,900.00	\$4,900.00	(\$900.00)	0%
Total Revenues	\$433,000.00	\$89,967.41	\$235,720.70	\$132,311.89	45%
Expenditures					
Dues & Subscriptions					
Events					
Food & Entertainment					
Gifts					
Health Ins. Reimbursement	\$2,500.00		\$2,253.50	\$246.50	10%
Insurance					
I-14 Initiative	\$2,500.00			\$2,500.00	
Miscellaneous Expenses					
Office Lease					
Office Supplies					
Payroll-Salaries	\$115,000.00	\$8,975.00	\$59,062.50	\$55,937.50	49%
Payroll-Service Fee					
Payroll Taxes	\$7,500.00	\$682.89	\$4,122.93	\$3,377.07	45%
Retirement					
Postage					
Marketing	\$5,000.00		\$3,760.39	\$1,239.61	25%
Other Marketing					
Program Supplies					
Telephone					
Travel Expenses	\$5,000.00		\$2,456.43	\$2,543.57	51%
Travel Other					
Professional Services	\$5,000.00		\$5,000.00	\$0.00	0%
TOTAL EXPENSES	\$142,500.00	\$9,657.89	\$76,655.75	\$65,844.25	53%

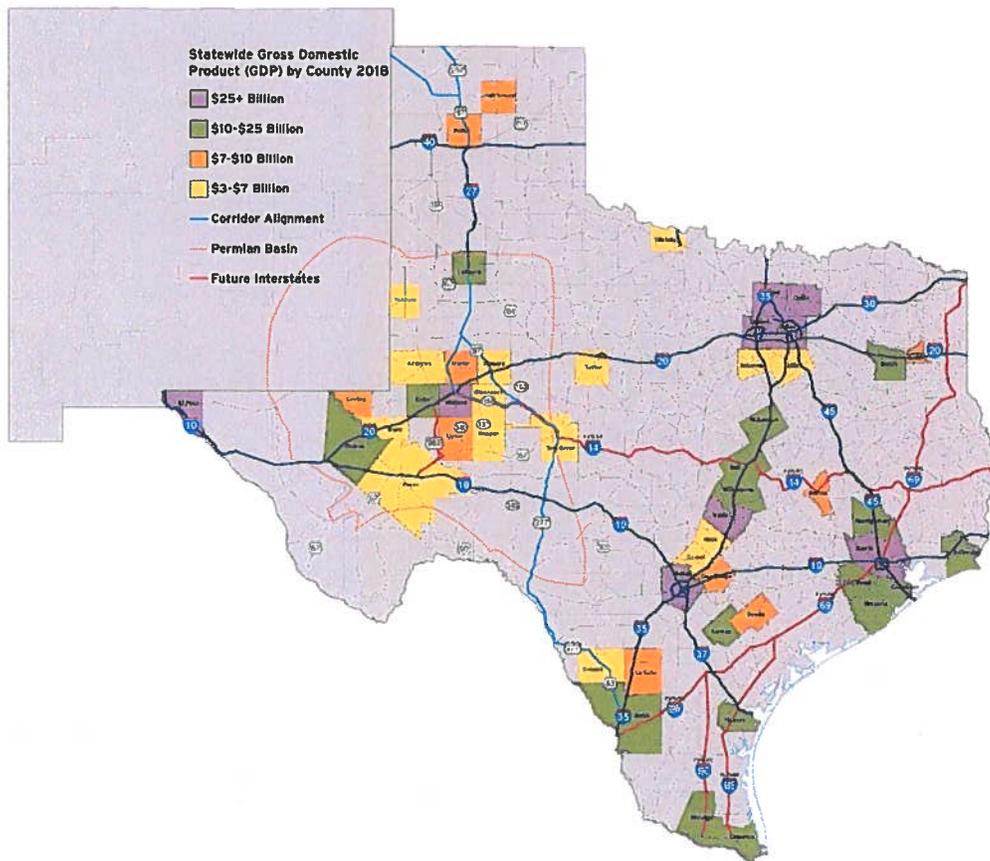


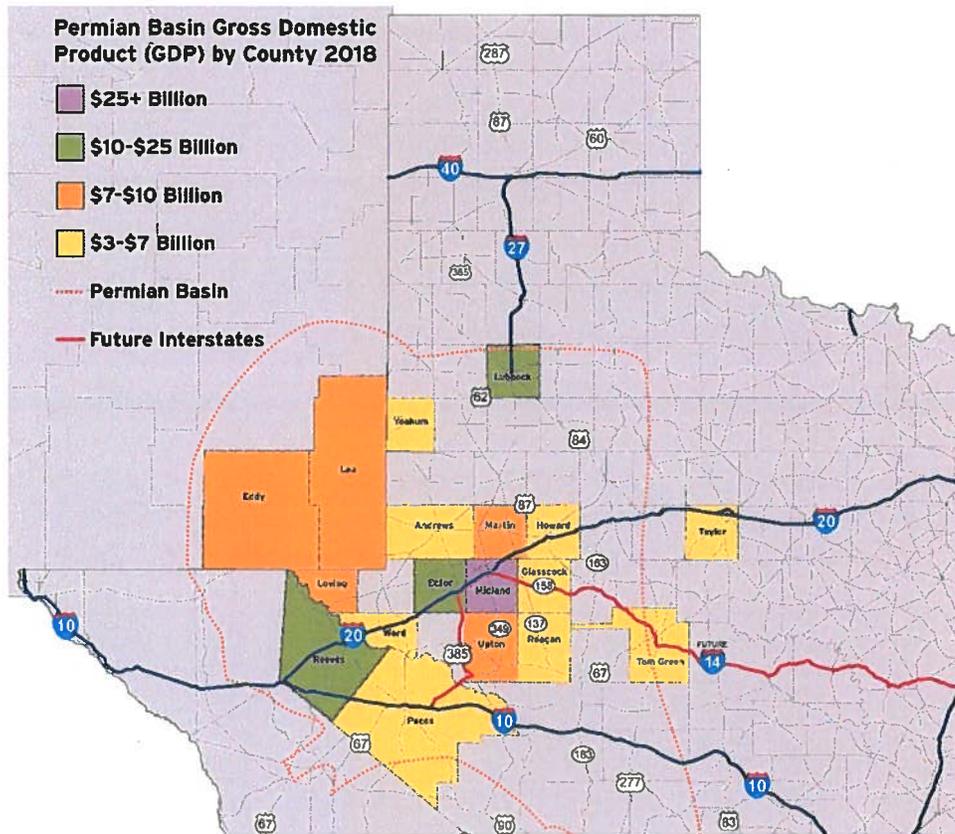
April 2020

Data for UTP Revision, Permian Basin Freight Study, and I-27 Study

We continue to collect and share data regarding the Permian Basin with key state leaders and TXDOT Executives and Commission Leadership leading up to the next Unified Transportation Plan Revision, as well as, in regards to the Permian Basin Freight Study and current I-27 Extension Study.

Most of that data relates to area GDP. We previously shared a map illustrating Midland-Odessa as the #5 top MSA areas in Texas for GDP.





While the area is facing challenging times, the data makes a case to continue to focus state resources and potential stimulus funding to the central Permian Basin for long term economic growth and state revenue benefit.

BUILD Grants

We have been soliciting and collecting letters for support for TXDOT’s federal BUILD Grant submission. The proposed application requests additional federal funding for I-20 in Midland and Odessa, and additional funding for US 285 improvements in northern Reeves County. While only one of the projects directly affects Midland-Odessa, both would bring additional funding to the Odessa District and free up programmed funds for other local projects, so we see the grant submission as a worthwhile endeavor to bring additional federal investment to our area transportation network.

Local and Regional Planning Studies

We have been working with local and regional entities to draft and advance several area studies (3 in the Midland-Odessa Metropolitan area and three connecting the metro area with the surrounding region). Attached is additional information on those planning efforts aimed at future construction efforts.

LOCAL AND REGIONAL PLANNING PRIORITIES

Initial Draft Prepared by



SIGNIFICANCE OF MIDLAND-ODESSA AND THE TXDOT ODESSA DISTRICT

While recent drops in energy prices and the COVID 19 virus have created economic havoc on our regional, state, and national economies, those of us in the Permian Basin have dealt with devastating economic downturns before. However, just as in the 1980's, 1990's, 2009, and 2013, things have a way of picking back up. Currently, the average price break of oil producers in our area is generally in the \$40 to \$50 dollar range, but most majors are being able to drive those costs down through improved technology. Exxon recently reported to stockholders that by 2023, they expect to see production costs in the \$20 dollar range, and in fact, some mid-size companies in the Permian Basin are already there.

Increased pipeline capacity now under construction and beginning to come online will also significantly reduce costs. The Permian Basin has been producing energy for over a century, and we aren't going anywhere.

2019 saw an increase of over 757 million mcf's of natural gas and over 172 million barrels of additional crude oil production compared to 2018 in the Odessa District.

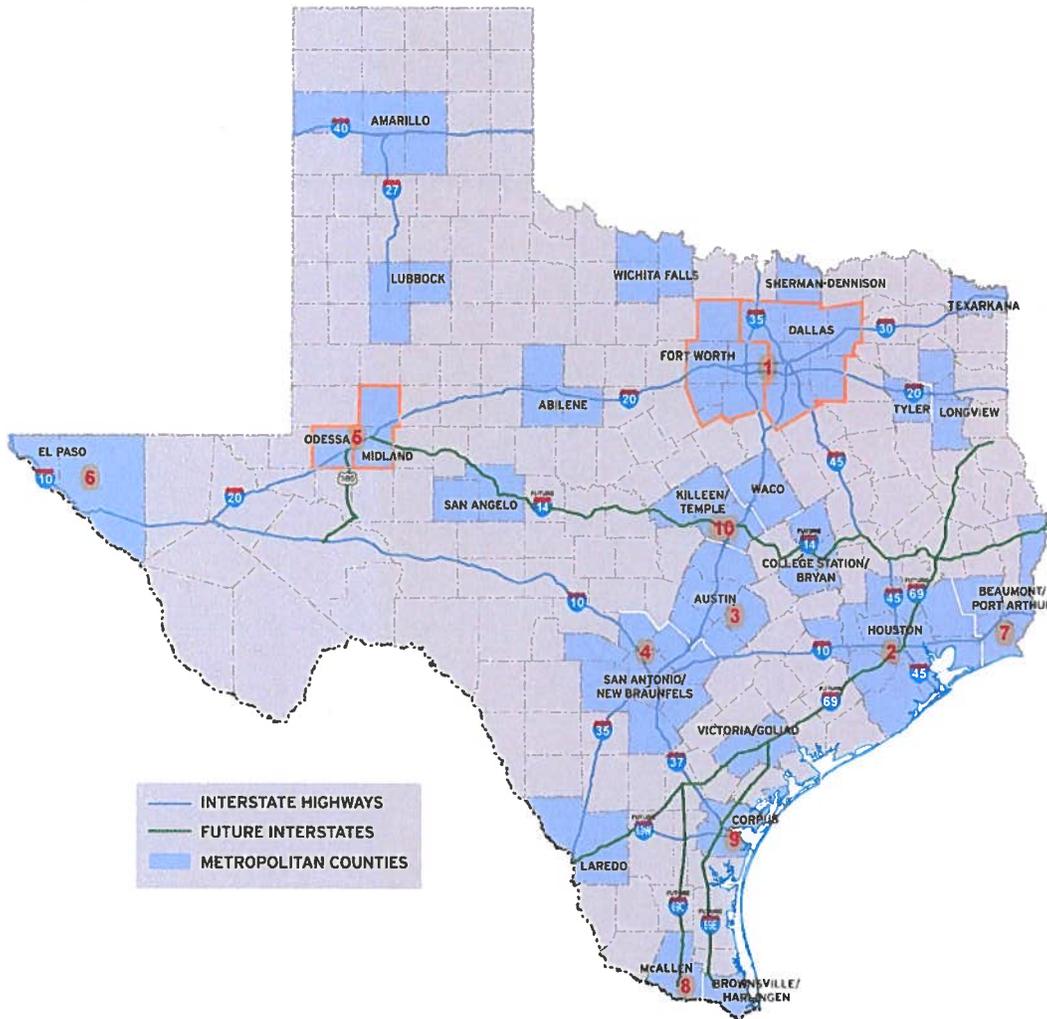
GAS PRODUCTION	2018 -2019	2019
COUNTY	INCREASE	TOTAL PRODUCTION
Reeves	405,409,282	1,010,685,565
Midland	110,360,167	419,112,417
Martin	75,291,965	205,390,692
Loving	61,361,504	365,906,339
Upton	53,281,078	238,937,395
Ward	36,915,076	122,146,793
Winkler	12,336,498	48,142,792
Pecos	8,307,041	105,671,843
Andrews	-3,722,486	65,486,779
Crane	-113,508	39,081,000
Ector	-1,838,013	50,098,535
Terrell	-113,633	19,623,868
TOTAL	757,474,971	2,690,284,018

OIL PRODUCTION	2018 TO 2019	2019
COUNTY	INCREASE	TOTAL PRODUCTION
Reeves	54,027,028	179,592,175
Martin	35,029,425	114,814,996
Midland	32,943,924	172,974,361
Loving	14,069,338	107,008,202
Ward	12,965,508	47,401,009
Pecos	9,629,353	30,009,133
Upton	9,498,387	69,441,256
Winkler	6,738,729	20,759,726
Crane	651,443	7,410,122
Ector	379,744	19,436,088
Terrell	6,375	97,599
Andrews	-3,578,486	36,909,973
TOTAL	172,360,768	805,854,640



That production would rank the TXDOT Odessa District as 12th on the list of top oil producing nations if we were our own country. Those numbers have a great deal of impact on the state economy and gross domestic product, as evidenced by the map below.

2018-TOP 10 MSA'S IN TEXAS FOR GDP



RANK	MSA	GDP (\$ BILLIONS)
1	Dallas-Fort Worth-Arlington, TX	512.5
2	Houston-The Woodlands-Sugar Land, TX	478.8
3	Austin-Round Rock, TX	146.8
4	San Antonio-New Braunfels, TX	133.6
5	Midland-Odessa, TX	45.4
6	El Paso, TX	32.6
7	Beaumont-Port Arthur, TX	30.7
8	McAllen-Edinburg-Mission, TX	23.3
9	Corpus Christi, TX	23.2
10	Killeen-Temple, TX	18.8



Consider these growth factors:

LABOR FORCE (2010-2019)

TXDOT Odessa District	Up 104,513
Midland-Odessa Metro Area	Up 56,857

POPULATION (2010-2018)

TXDOT Odessa District	Up 68,359
Midland-Odessa Metro Area	Up 61,654

VEHICLE REGISTRATIONS (2010-2018)

TXDOT Odessa District	Up 121,944
Midland-Odessa Metro Area	Up 111,394

GROSS SALES (2010-2018)

TXDOT Odessa District	Up \$27.2 Billion
Midland-Odessa Metro Area	Up \$22.2 Billion

SEVERANCE TAXES (2011-2019)

TXDOT Odessa District	Up \$1.6 Billion
Midland-Odessa Metro Area	Up \$1 Billion

The TXDOT Odessa District accounted for 47.9% of Texas crude oil production in 2019. While the current economic constraints may seem daunting, we realize that growth will continue at some point in the not-too-distant future. The current lull provides us a golden opportunity to do a better job of planning for that future growth that we have in the past.

As such, we are requesting the department's consideration of 3 planning requests in the Permian Basin MPO area for a potential east and west extension of the Craddick Reliever Route (SH 349), a capacity constraint study and recommended improvements to the SH 191 Corridor, and an study of potential improvements in West Odessa.

We are also asking the department to consider adding SH 349 from I-20 to I-10 (with priority on Midland to Rankin), and portions of SH 158 in the area for project development to the current 9x9 plan or a similar, concurrent effort.

Finally, we are requesting consideration of a potential direct connect and routing study of US 385 from McCamey to I-10.

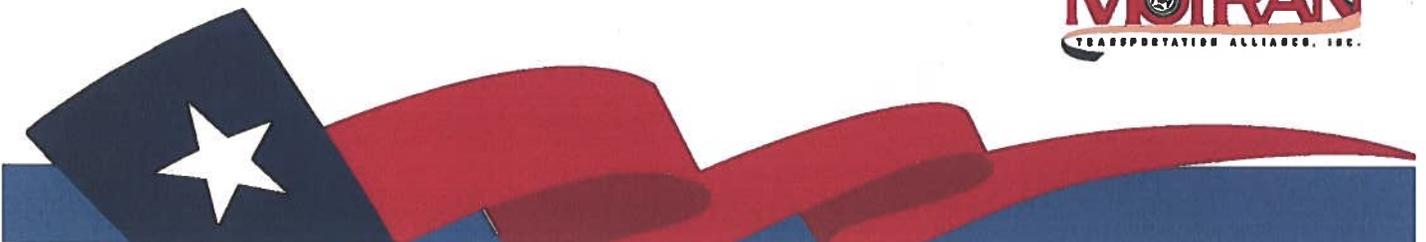


The proposed studies and project development efforts will greatly aid in improving connectivity, mobility, and safety, as well as, promoting continued economic growth, supporting the energy sector, and adding value to the state's existing highway network.



METROPOLITAN PLANNING PRIORITIES

Initial Draft Prepared by



NORTHERN CORRIDOR STUDY (SH 349 Reliever Route)

Overview:

The proposed planning study would study the feasibility of extending the current SH 349 Reliever Route (Craddick Highway) both east and west to provide improved mobility for new growth and developments, as well as, providing an alternate route for industrial and freight traffic.



The alignments above are only conceptual. Part of the proposed study would include the feasibility of possible routes and selection of a proposed route.

Background:

The proposed east route (Midland and Martin County) and west route (Midland and Ector) provide significant connectivity opportunities in areas that have seen the bulk of new housing/residential development. Primary development in both Midland and Odessa is occurring on the north side, beyond SH 191 and Loop 250. Midland and Martin Counties has seen significant truck traffic tied to increased energy production and Ector County has the highest number of disposal wells in the Permian. A northern route could help ease truck traffic on primary roadways in both cities, as well.



Planning Request:

East Extension: Study the feasibility of extending the SH 349 Reliever Route in Midland/Martin County east of its current terminus at SH 349/BH 349 and extending southeast to I-20 and SH 158 to improve mobility in east Midland and provide an alternative truck route, as well as, mitigating congestion on BH 349/Big Spring Street. The study would also explore the feasibility of utilizing the possible extension as an alternative to the current hazardous cargo route along Fairgrounds road. The current hazardous cargo route (Fairgrounds) has an at-grade rail crossing just south of BI-20, which has proved to be one of the more dangerous rail crossings. The proposed study would also examine the need and possibility of a new route that includes grade separations at BI-20, the Union Pacific Rail Crossing, and I-20.

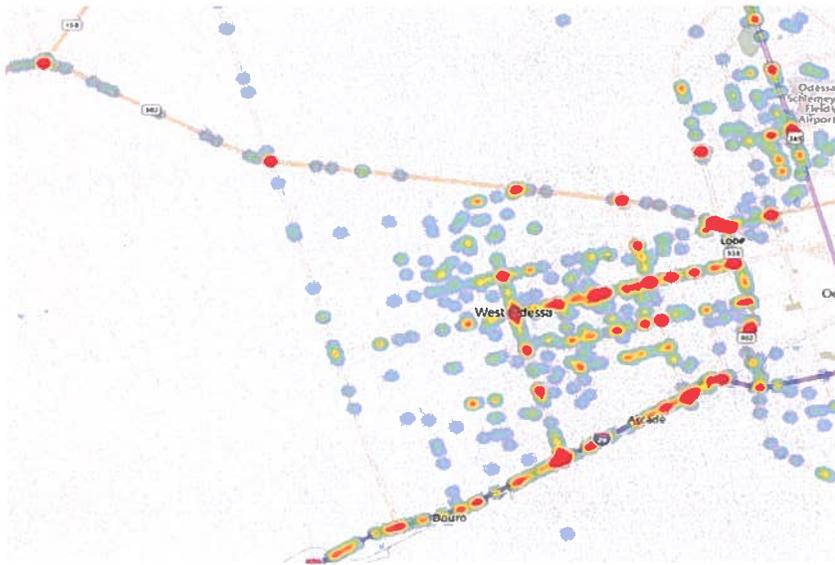
West Extension: Study the feasibility of extending the SH 349 Reliever Route in Midland/Martin County west of its current terminus at SH 349/FM 1788 and extending west to Loop 338 in Odessa to improve mobility and connectivity in western Midland County/eastern Ector County and provide another connecting freeway between Midland and Odessa.



WEST ODESSA PLANNING STUDY

Overview:

The proposed planning study would utilize data from existing resources and the Travel Demand Model and suggest potential improvements to address safety, mobility, and connectivity in the West Odessa area.



Heat Map of 2019 Crashes in West Odessa



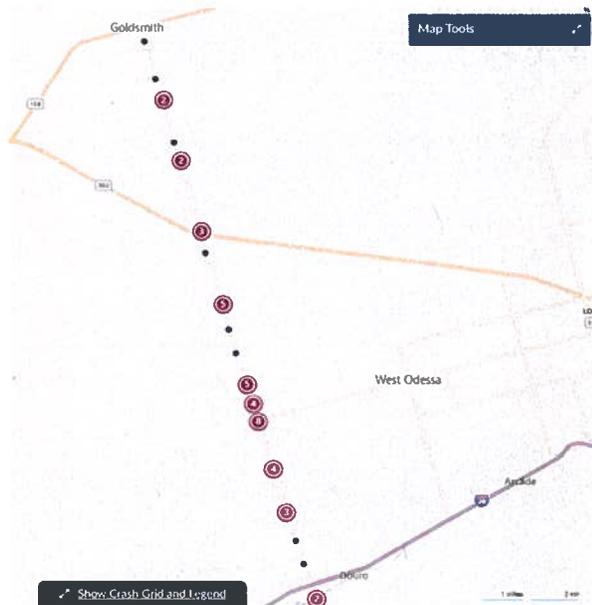
The area has also seen significant traffic growth from 2010 to 2018.

AADT POINT	A	B	C	D	E	F	G	H	I	J
2018 AADT	3,436	3,474	4,681	7,645	17,165	17,985	24,123	8,587	6,606	10,261
2010 AADT	1,450	1,500	1,600	3,800	7,400	9,900	14,100	5,500	4,800	7,900
RAW CHANGE	1,986	1,974	3,081	3,845	9,765	8,085	10,023	3,087	1,806	2,361
PERCENT CHANGE	137.0%	131.6%	192.6%	101.2%	132.0%	81.7%	71.1%	56.1%	37.6%	29.9%
PERCENT TRUCK	18.6%	18.6%	20.1%	12.3%	8.3%	8.2%	7.3%	16.2%	18.9%	10.5%

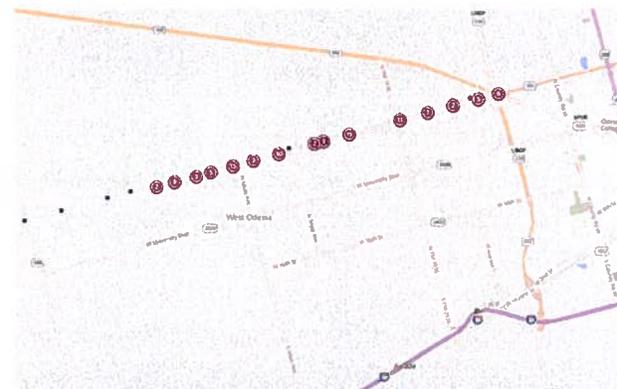


Background:

West Odessa is an unincorporated community of over 50,000 residents. In addition, while the area connects to the western city limits of Odessa, Texas, not all of West Odessa is in the metropolitan planning area boundaries. This highly populated area has seen rapid growth, and today Ector County estimates the population to be as high as 60,000 to 70,000. It is one of the more significant populations in the Permian Basin but because it is not entirely in the MPO planning area and the department’s rural plan focuses primarily on the 12 outlying counties, it has not benefited from most prior or current planning efforts. Due to relaxed regulations and lower costs to develop, we anticipate the area will continue to grow.



2017-2019 Total Crashes by Primary Roadways in West Odessa



Planning Request:

Analyze primary east-west corridors in West Odessa from 42nd to I-20 and north-west corridors from FM 866 to FM 1936 . Provide an assessment of necessary projects for current and future year, with particular emphasis on intersection and capacity improvements to existing corridors to reduce crashes and study feasibility of extending W 3rd or Stagecoach to connect to FM 866 to improve overall mobility and future development/growth.



SH 191 CORRIDOR PLANNING STUDY

Overview:

The proposed planning study would utilize data from existing resources and the Travel Demand Model to determine future improvements along the SH 191 Corridor between Midland and Odessa to provide for continued mobility due to traffic growth along the corridor.



SH 191 AADT	A	B	C	D
2018 AADT	55,105	59,751	39,445	56,115
2010 AADT	25,000	23,000	23,000	30,000
RAW CHANGE	30,105	36,751	16,445	26,115
PERCENT CHANGE	120.4%	159.7%	71.5%	87.0%

Background:

Based on TXDOT AADT data, from 2010 to 2018, the corridor has seen tremendous growth from East Loop 338 in Odessa to West Loop 250 in Midland. The portion of the corridor in Ector County east of Loop 338 has seen 120% traffic growth during the 8 year period. The portion of the corridor in Midland County, close to the programmed Yukon interchange has seen an increase in traffic of nearly 160%.

The corridor has seen the bulk of housing development in the area with Parks Bell Ranch and other developments north of SH 191 in Odessa, and both north and south of the SH 191 corridor in Midland (Betebough and Grasslands). However, the area has also been a choice location for retail developers in the area.



REGIONAL PLANNING PRIORITIES

Initial Draft Prepared by



REGIONAL Project Design Development

Recently, the Texas Department of Transportation solicited proposals for development of several regional corridors to address energy sector needs (9x9 Plan). We would encourage the planning and development of the following additional roadway segments (SH 349 and SH 158 below) as four lane divided roadways, including, preliminary engineering, environmental review (NEPA), ROW and utility adjustments, as these roadways may be of an even higher priority than other roadways in the initial proposal.



(71.4 miles) Beginning south of Interstate 20 in Midland and terminating at I-10 (Midland, Upton, Crockett, and Pecos Counties) (AADT 7,687)

Background:

SH 349 has a higher traffic count than other roads contained in the current 9x9 plan. In addition, while development of new oil and gas wells along this corridor has subsided somewhat, it is a primary route for disposal wells, helping maintain a high degree of permanent traffic. The route also provides a connection to US 67 development to the south and ultimately connects to I-10.



(18 miles) Beginning at the Glasscock/Midland County Line to I-20. The planning, schematics, and environmental, as well as some ROW acquisition has already taken place on the segment from the Glasscock/Midland County line to US 87 (4 miles north of Sterling City) located in the San Angelo District. (AADT 13,071)



(31 miles) Beginning north of the SH 349 grade separation in Midland County and continuing west to the junction of SH 302. (AADT 8,391)

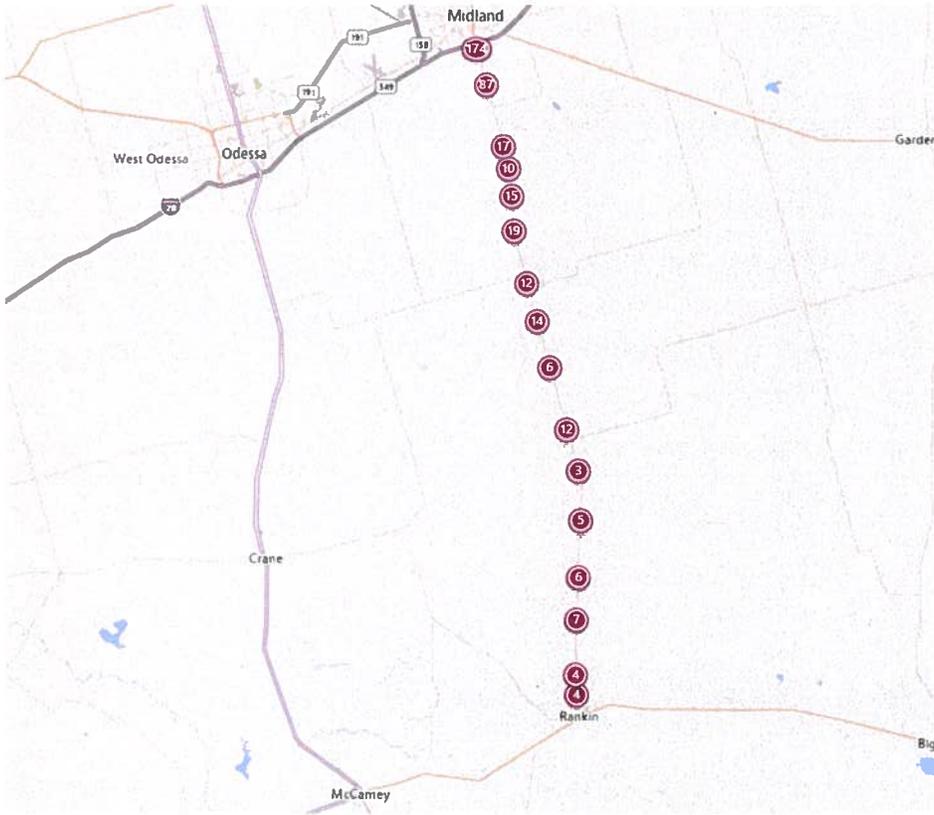
Background:

SH 158 is a truck system roadway and was previously designed as a four lane divided facility in the San Angelo District. In addition, some of the ROW and utility adjustments have already been made in Sterling/Glasscock counties. The remaining portion leading to I-20 in Midland is one of the more dangerous roadway in Midland due to a lack of controlled access and high traffic. We would encourage looking at improvements to a freeway standard or alternative routings, if necessary. Currently, the City of Midland is conducting design work on the segment from SH 191 to SH 158, due to necessary expansion for new developments (Costco). Continuing this planning and development through to Ector County and the connection to SH 302 would provide continuity to the existing highway system, as well as, improving mobility and connectivity.





(71.4 miles) Beginning south of Interstate 20 in Midland and terminating at I-10 (Midland, Upton, Crockett, and Pecos Counties) (AADT 7,687)



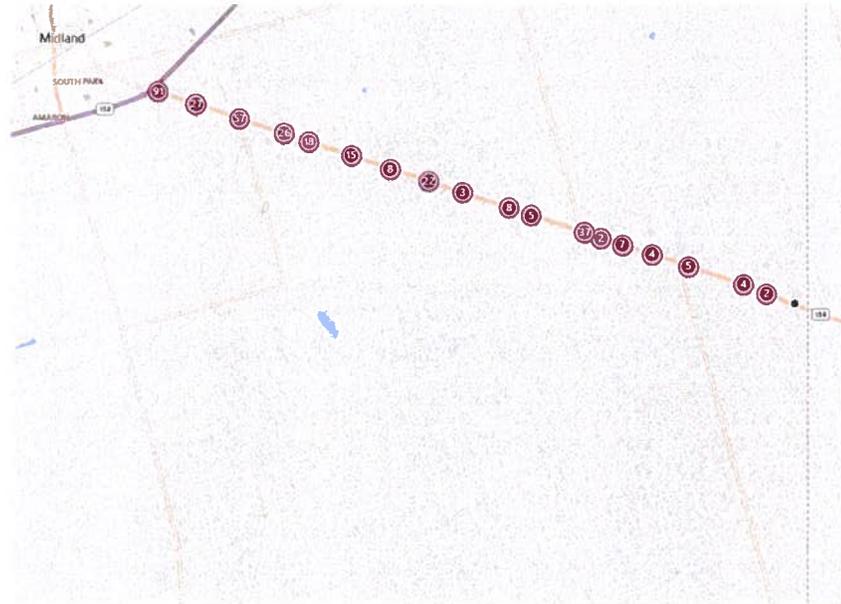
2017-2019 Total Crashes



158 TEXAS

(18 miles) Beginning at the Glasscock/Midland County Line to I-20. The planning, schematics, and environmental, as well as some ROW acquisition has already taken place on the segment from the Glasscock/Midland County line to US 87 (4 miles north of Sterling City) located in the San Angelo District. (AADT 13,071)

2017-2019 Total Crashes



AADT POINT	A	B	C	D
2018 AADT	16,878	12,412	11,101	9,485
2010 AADT	7,100	5,300	4,400	4,100
RAW CHANGE	9,778	7,112	6,701	5,385
PERCENT CHANGE	137.7%	134.2%	152.3%	131.3%
PERCENT TRUCK	24.1%	27.0%	28.3%	30.5%





(31 miles) Beginning north of the SH 349 grade separation in Midland County and continuing west to the junction of SH 302. (AADT 8,391)



2017-2019 Total Crashes



AADT POINT	A	B	C	D	E
2018 AADT	9,225	11,923	8,901	7,666	5,576
2011 AADT	4,800	4,700	4,500	4,200	3,000
RAW CHANGE	4,325	7,223	4,401	3,466	2,576
PERCENT CHANGE	90.1%	153.6%	97.8%	45.2%	85.8%
PERCENT TRUCK	22.5%	13.5%	23.0%	25.0%	22.0%

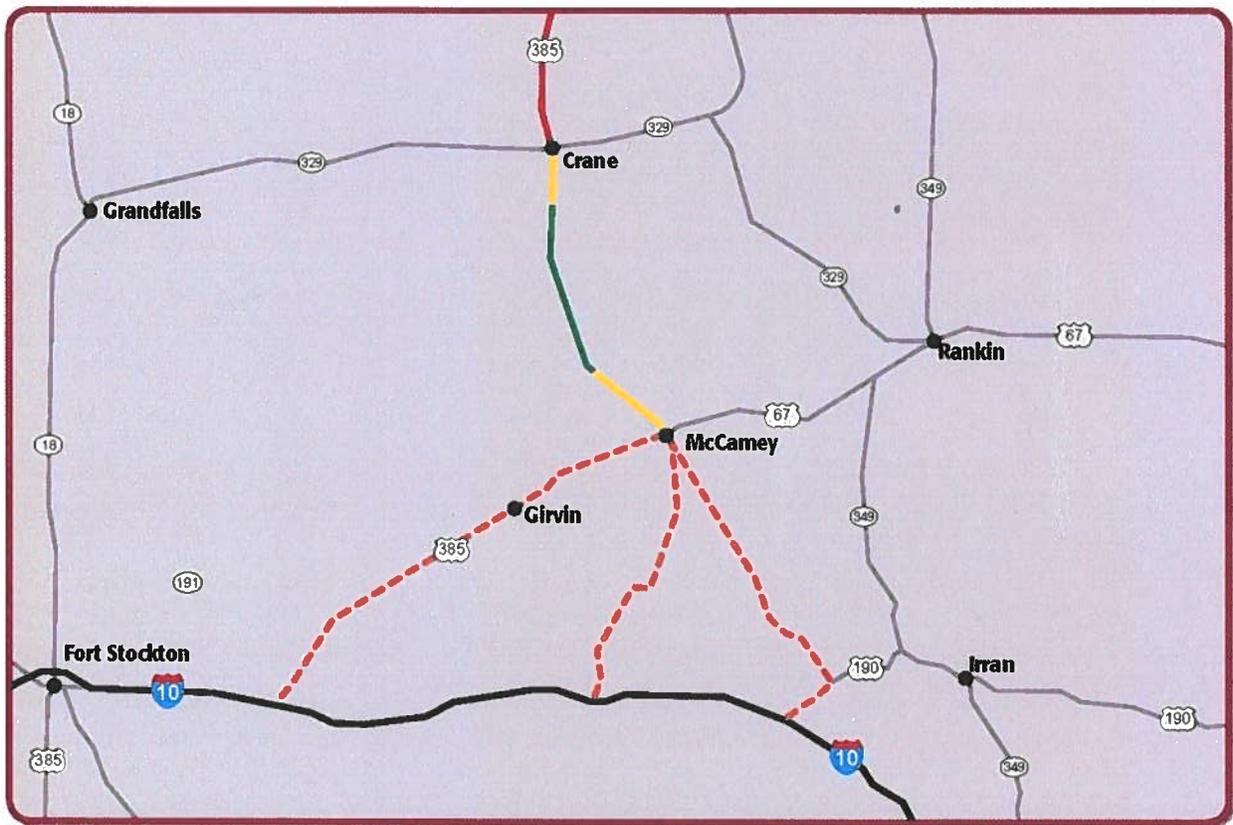


REGIONAL Project Planning Development

Conduct a feasibility study of a more direct connection from US 385 in McCamey to I-10 and make recommendations on potential routing.



(Approximately 25 miles) McCamey to I-10



Background:

Currently, at McCamey, US 385/US 67 continue west to I-10 just east of Fort Stockton. However, two other routes currently travel directly south to I-10. Because of the recent inclusion of this corridor as a potential interstate segment in Congressional legislation and the need to provide a more direct connection to accommodate energy sector traffic connecting with Texas Gulf Ports and the Eagle Ford Shale. TXDOT has funded and construction is already underway on the build-out of US 385 as a four lane divided highway between Crane and McCamey. The extension of US 385 would provide a significant north-south corridor between I-110 and I-20 in the heart of Permian and Delaware Basin development.



**ODESSA DEVELOPMENT CORPORATION
BALANCE SHEET
FEBRUARY 2020**

ASSETS

Investments - Local Government Pools	\$ 25,968,829
Investments - CDs and CDARs	3,212,478
Investments - Municipal Securities	8,378,430
Investments - Money Market	17,331,617
Interest Receivable - Municipal Securities	<u>73,726</u>
TOTAL ASSETS	\$ <u>54,965,080</u>

LIABILITIES

Accounts Payable	<u>187,684</u>
TOTAL LIABILITIES	\$ <u>187,684</u>

FUND BALANCE

Reserved - Short Term Commitments Due Within One Year	
FMC Technologies	\$ 76,398
Select Energy	18,374
Glazer's Beer & Beverage	226,998
West Texas Food Bank	147,000
Odessa College - 2nd Project Training Facility	1,349,171
UTPB - 2nd Project Training Facility	1,500,000
Total Short Term Commitments	<u>3,317,941</u>
Reserved - Long Term Commitments Due in More Than One Year	
FMC Technologies	152,798
Glazer's Beer & Beverage	680,995
Select Energy	55,123
West Texas Food Bank	146,866
Odessa College - 2nd Project Training Facility	-
UTPB - 2nd Project Training Facility	3,000,000
Downing Wellhead Equipment, LLC	1,640,000
Total Long Term Commitments	<u>5,675,782</u>
Total Reserved	8,993,723
Assigned (TXDOT Projects)	11,072,220
Assigned (Workforce Housing Infrastructure Incentives)	5,000,000
Unreserved	<u>29,711,451</u>
TOTAL FUND BALANCE	\$ <u>54,777,394</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>54,965,080</u>

**ODESSA DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGET COMPARISON
FEBRUARY 2020**

	<u>TOTAL BUDGET</u>	<u>ACTUAL - YTD</u>	<u>REMAINING BALANCE</u>
REVENUES			
4-A Sales Tax Receipts	\$ 12,000,000	\$ 5,662,726	\$ (6,337,274)
Miscellaneous Income/Refunds	-	-	-
Interest Income	500,000	433,976	(66,024)
Gain and or (Loss) on Investments	(200,000)	2,003	202,003
TOTAL REVENUES	\$ 12,300,000	\$ 6,098,705	\$ (6,201,295)
EXPENDITURES			
Supplies and Materials	\$ 1,500	\$ 442	\$ 1,058
Audit Services	35,000	26,600	8,400
Special Services	75,000	74,600	400
Insurance	15,000	13,454	1,546
Bank Services	6,000	2,554	3,446
Administration Fee - City of Odessa	205,349	85,565	119,784
Contingencies	100,000	-	100,000
Contracted Economic Development Services			
Chamber of Commerce	852,280	426,140	426,140
MOTRAN	142,500	71,250	71,250
UTPB - Small Business Center	98,794	49,397	49,397
Promotional			
Marketing	645,865	138,301	507,564
UTPB - SBDC Entrep. Contest	422,632	-	422,632
Façade Grants	350,000	-	350,000
Business Incentives	52,000,000	364,110	51,635,890
TOTAL EXPENDITURES	\$ 54,949,920	\$ 1,252,412	\$ 53,697,508
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (42,649,920)	\$ 4,846,293	\$ 47,496,213
FUND BALANCE - AT BEGINNING OF YEAR	\$ 49,931,101	\$ 49,931,101	\$ -
FUND BALANCE - AT END OF YEAR	\$ 7,281,181	\$ 54,777,394	\$ 47,496,213

**ODESSA DEVELOPMENT CORPORATION
CHANGES IN RESERVED FUND BALANCE
FEBRUARY 2020**

Reserved - Short Term Commitments

				Dates in Fiscal Years	
	Current Month	Prior Month	Month End Change	Pmt Began	Expires
FMC Technologies	\$ 76,398	\$ 76,398	\$ -	2017-18	2021-22
Select Energy	18,374	18,374	-	2017-18	2021-22
Glazer's Beer & Beverage	226,998	226,998	-	2014-15	2018-19
West Texas Food Bank	147,000	147,000	-	2016-17	2020-21
Odessa College - 2nd Project Training Facility	1,349,171	1,349,171	-	2017-18	2019-20
UTPB - 2nd Project Training Facility	1,500,000	1,500,000	-	2017-18	2021-22
Total Short Term Commitments	\$ 3,317,941	\$ 3,317,941	\$ -		

Reserved - Long Term Commitments

				Dates in Fiscal Years	
	Current Month	Prior Month	Month End Change	Pmt Began	Expires
FMC Technologies	\$ 152,798	\$ 152,798	\$ -	2017-18	2021-22
Glazer's Beer & Beverage	680,995	680,995	-	Not started (5 year payout)	
Select Energy	55,123	55,123	-	2017-18	2021-22
West Texas Food Bank	146,866	146,866	-	2016-17	2020-21
Odessa College - 2nd Project Training Facility	-	-	-	2017-18	2019-20
UTPB - 2nd Project Training Facility	3,000,000	3,000,000	-	2017-18	2021-22
Downing Wellhead Equipment, LLC	1,640,000	1,640,000			
Total Long Term Commitments	\$ 5,675,782	\$ 5,675,782	\$ -		
Total Reserved Fund Balance	\$ 8,993,723	\$ 8,993,723	\$ -		

**ODESSA DEVELOPMENT CORPORATION
INVESTMENT SUMMARY
FEBRUARY 2020**

This investment summary report is in full compliance with the investment strategy as established per the City's Investment Policy and the the Public Funds Investment Act.

The fair value for the beginning and end of the reporting period are as follows:

INVESTMENT	BEGINNING BALANCE	PURCHASE AMOUNT	CHANGES IN FAIR VALUE AND INTEREST	SALES AMOUNT	ENDING BALANCE
GOVERNMENT POOLS	\$ 24,905,001	\$ 10,215,972	\$ 42,597	\$ 9,194,741	\$ 25,968,829
CD'S AND CDARS	3,208,491	-	3,987	-	3,212,478
SAVINGS AND MONEY MARKETS	18,296,804	-	56,086	1,021,273	17,331,617
MUNICIPAL BONDS	7,355,439	1,008,190	14,801	-	8,378,430
AGENCY NOTES	-	-	-	-	-
TOTAL	<u>\$ 53,765,736</u>	<u>\$ 11,224,162</u>	<u>\$ 117,471</u>	<u>\$ 10,216,014</u>	<u>\$ 54,891,354</u>

Note: This investment report is prepared in accordance with Generally Accepted Accounting Principles (GAAP), and is in compliance with the City of Odessa's investments strategies in the investment policy, and with relevant provisions of the Public Funds Investment Act.

Andy Muncy
Interim Assistant City Manager

**ODESSA DEVELOPMENT CORPORATION
INVESTMENT PORTFOLIO
FEBRUARY 29, 2020**

Beginning of Month

<u>INVESTMENT TYPE</u>	<u>YTM</u>	<u>MATURITY</u>	<u>PAR</u>	<u>FAIR**</u>
Local Government Investment Pools				
TexPool	1.62%	Open	\$ 17,872,900	\$ 17,872,900
Logic	1.82%	Open	7,032,101	7,032,101
Total Local Government Investment Pools			\$ 24,905,001	\$ 24,905,001
Weighted Average Rate Per Pools Tot.	1.68%			
Money Market Investment				
Frost Money Market	1.51%	Open	\$ 18,296,804	\$ 18,296,804
Total Money Markets			\$ 18,296,804	\$ 18,296,804
Weighted Average Rate Per MM Total	1.51%			
CD AND CDARs Investments				
AimBank - 12 Month CD	2.38%	1/31/20	\$ 2,099,290	\$ 2,170,413
BBVA CD	1.75%	12/15/19	1,032,140	1,038,078
Total CD and CDARs Investments			\$ 3,131,430	\$ 3,208,491
Weighted Average Rate Per CD's Total	2.17%			
Municipal Securities				
Arizona ST B Tax	2.18%	7/1/20	340,000	340,823
Florida St Bd A Tax	2.64%	7/1/21	1,000,000	1,013,770
Union City NJ B Tax	2.80%	3/1/20	300,000	300,831
Kansas St Dev H Tax	1.40%	4/15/20	820,000	821,263
Center TX ISD Tax	5.40%	2/15/21	1,000,000	1,037,260
Dallas TX	2.21%	10/1/20	3,325,000	3,338,067
Texas Tech University	1.95%	2/15/21	500,000	503,425
Total Municipal Securities			\$ 7,285,000	\$ 7,355,439
Weighted Average Rate Per Muni Total	2.62%			
TOTAL INVESTMENTS	1.78%		\$ 53,618,235	\$ 53,765,736

** Amount does not reflect prior period market adjustments and represents fair market value adjustment as of current period end only.

**ODESSA DEVELOPMENT CORPORATION
INVESTMENT PORTFOLIO
FEBRUARY 29, 2020**

End of Month

<u>INVESTMENT TYPE</u>	<u>YTM</u>	<u>MATURITY</u>	<u>PAR</u>	<u>FAIR**</u>
Local Government Investment Pools				
TexPool	1.59%	Open	\$ 18,926,885	\$ 18,926,885
Logic	1.76%	Open	7,041,944	7,041,944
Total Local Government Investment Pools			\$ 25,968,829	\$ 25,968,829
Weighted Average Rate Per Pools Total	1.64%			
Money Market Investment				
Frost Money Market	1.50%	Open	\$ 17,331,617	\$ 17,331,617
Total Money Market			\$ 17,331,617	\$ 17,331,617
Weighted Average Rate Per MM Total	1.50%			
CD AND CDARs Investments				
AimBank - 17 Month CD	2.38%	1/31/20	\$ 2,099,290	\$ 2,173,000
BBVA CD	1.75%	12/15/19	1,032,140	1,039,478
Total CD and CDARs Investments			\$ 3,131,430	\$ 3,212,478
Weighted Average Rate Per CD's Total	2.17%			
Municipal Securities				
Arizona ST B Tax	2.18%	7/1/20	\$ 340,000	\$ 341,034
Florida St Bd A Tax	2.64%	7/1/21	\$ 1,000,000	1,018,540
Union City NJ B Tax	2.80%	3/1/20	300,000	300,000
Kansas St Dev H Tax	1.40%	4/15/20	820,000	821,017
Dallas TX	2.21%	10/1/20	3,325,000	3,345,050
Center Tex ISD Tax	5.40%	2/15/21	1,000,000	1,038,860
Hudson Cnty NJ C-2 Tax	3.00%	9/18/20	1,000,000	1,008,570
Texas Tech University	1.95%	2/15/21	500,000	505,360
Total Municipal Securities			\$ 8,285,000	\$ 8,378,430
Weighted Average Rate Per Munis Total	2.67%			
TOTAL INVESTMENTS	1.78%		\$ 54,716,876	\$ 54,891,354

** Amount does not reflect prior period market adjustments and represents fair market value adjustment as of current period end only.

**ODESSA DEVELOPMENT CORPORATION
BALANCE SHEET
MARCH 2020**

ASSETS

Investments - Local Government Pools	\$ 27,026,986
Investments - CDs and CDARs	3,216,708
Investments - Municipal Securities	13,091,211
Investments - Money Market	12,511,892
Interest Receivable - Municipal Securities	<u>178,396</u>
TOTAL ASSETS	<u>\$ 56,025,194</u>

LIABILITIES

Accounts Payable	<u>187,684</u>
TOTAL LIABILITIES	<u>\$ 187,684</u>

FUND BALANCE

Reserved - Short Term Commitments Due Within One Year	
FMC Technologies	\$ 76,398
Select Energy	18,374
Glazer's Beer & Beverage	226,998
West Texas Food Bank	147,000
Odessa College - 2nd Project Training Facility	1,349,171
UTPB - 2nd Project Training Facility	<u>1,500,000</u>
Total Short Term Commitments	3,317,941
Reserved - Long Term Commitments Due in More Than One Year	
FMC Technologies	152,798
Glazer's Beer & Beverage	680,995
Select Energy	55,123
West Texas Food Bank	146,866
Odessa College - 2nd Project Training Facility	-
UTPB - 2nd Project Training Facility	3,000,000
Downing Wellhead Equipment, LLC	<u>1,640,000</u>
Total Long Term Commitments	5,675,782
Total Reserved	8,993,723
Assigned (TXDOT Projects)	11,072,220
Assigned (Workforce Housing Infrastructure Incentives)	5,000,000
Unreserved	<u>30,771,565</u>
TOTAL FUND BALANCE	<u>\$ 55,837,508</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 56,025,194</u>

ODESSA DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGET COMPARISON
MARCH 2020

	<u>TOTAL BUDGET</u>	<u>ACTUAL - YTD</u>	<u>REMAINING BALANCE</u>
REVENUES			
4-A Sales Tax Receipts	\$ 12,000,000	\$ 6,713,599	\$ (5,286,401)
Miscellaneous Income/Refunds	-	-	-
Interest Income	500,000	489,734	(10,266)
Gain and or (Loss) on Investments	(200,000)	(26,766)	173,234
TOTAL REVENUES	\$ 12,300,000	\$ 7,176,568	\$ (5,123,432)
EXPENDITURES			
Supplies and Materials	\$ 1,500	\$ 444	\$ 1,056
Audit Services	35,000	26,600	8,400
Special Services	75,000	74,600	400
Insurance	15,000	13,454	1,546
Bank Services	6,000	3,190	2,810
Administration Fee - City of Odessa	205,349	102,674	102,675
Contingencies	100,000	-	100,000
Contracted Economic Development Services			
Chamber of Commerce	852,280	426,140	426,140
MOTRAN	142,500	71,250	71,250
UTPB - Small Business Center	98,794	49,397	49,397
Promotional			
Marketing	645,865	138,301	507,564
UTPB - SBDC Entrep. Contest	422,632	-	422,632
Façade Grants	350,000	-	350,000
Business Incentives	52,000,000	364,110	51,635,890
TOTAL EXPENDITURES	\$ 54,949,920	\$ 1,270,160	\$ 53,679,760
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (42,649,920)	\$ 5,906,407	\$ 48,556,327
FUND BALANCE - AT BEGINNING OF YEAR	\$ 49,931,101	\$ 49,931,101	\$ -
FUND BALANCE - AT END OF YEAR	\$ 7,281,181	\$ 55,837,508	\$ 48,556,327

**ODESSA DEVELOPMENT CORPORATION
CHANGES IN RESERVED FUND BALANCE
MARCH 2020**

Reserved - Short Term Commitments

				Dates in Fiscal Years	
	Current Month	Prior Month	Month End Change	Pmt Began	Expires
FMC Technologies	\$ 76,398	\$ 76,398	\$ -	2017-18	2021-22
Select Energy	18,374	18,374	-	2017-18	2021-22
Glazer's Beer & Beverage	226,998	226,998	-	2014-15	2018-19
West Texas Food Bank	147,000	147,000	-	2016-17	2020-21
Odessa College - 2nd Project Training Facility	1,349,171	1,349,171	-	2017-18	2019-20
UTPB - 2nd Project Training Facility	1,500,000	1,500,000	-	2017-18	2021-22
Total Short Term Commitments	\$ 3,317,941	\$ 3,317,941	\$ -		

Reserved - Long Term Commitments

				Dates in Fiscal Years	
	Current Month	Prior Month	Month End Change	Pmt Began	Expires
FMC Technologies	\$ 152,798	\$ 152,798	\$ -	2017-18	2021-22
Glazer's Beer & Beverage	680,995	680,995	-	Not started (5 year payout)	
Select Energy	55,123	55,123	-	2017-18	2021-22
West Texas Food Bank	146,866	146,866	-	2016-17	2020-21
Odessa College - 2nd Project Training Facility	-	-	-	2017-18	2019-20
UTPB - 2nd Project Training Facility	3,000,000	3,000,000	-	2017-18	2021-22
Downing Wellhead Equipment, LLC	1,640,000	1,640,000			
Total Long Term Commitments	\$ 5,675,782	\$ 5,675,782	\$ -		
Total Reserved Fund Balance	\$ 8,993,723	\$ 8,993,723	\$ -		

**ODESSA DEVELOPMENT CORPORATION
INVESTMENT SUMMARY
MARCH 2020**

This investment summary report is in full compliance with the investment strategy as established per the City's Investment Policy and the the Public Funds Investment Act.

The fair value for the beginning and end of the reporting period are as follows:

<u>INVESTMENT</u>	<u>BEGINNING BALANCE</u>	<u>PURCHASE AMOUNT</u>	<u>CHANGES IN FAIR VALUE AND INTEREST</u>	<u>SALES AMOUNT</u>	<u>ENDING BALANCE</u>
GOVERNMENT POOLS	\$ 25,968,829	\$ 1,137,077	\$ 25,032	\$ 103,952	\$ 27,026,986
CD'S AND CDARS	3,212,478	-	4,231	-	3,216,708
SAVINGS AND MONEY MARKETS	17,331,617	300,000	31,662	5,151,386	12,511,892
MUNICIPAL BONDS	8,378,430	5,041,550	(28,769)	300,000	13,091,211
AGENCY NOTES	-	-	-	-	-
TOTAL	<u>\$ 54,891,354</u>	<u>\$ 6,478,627</u>	<u>\$ 32,155</u>	<u>\$ 5,555,338</u>	<u>\$ 55,846,798</u>

Note: This investment report is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and is in compliance with the City of Odessa's investments strategies in the investment policy, and with relevant provisions of the Public Funds Investment Act.

Cindy Murray
Interim Assistant City Manager

ODESSA DEVELOPMENT CORPORATION
INVESTMENT PORTFOLIO
MARCH 31, 2020

Beginning of Month

<u>INVESTMENT TYPE</u>	<u>YTM</u>	<u>MATURITY</u>	<u>PAR</u>	<u>FAIR**</u>
Local Government Investment Pools				
TexPool	1.59%	Open	\$ 18,926,885	\$ 18,926,885
Logic	1.76%	Open	7,041,944	7,041,944
Total Local Government Investment Pools			\$ 25,968,829	\$ 25,968,829
Weighted Average Rate Per Pools Tot.	1.64%			
Money Market Investment				
Frost Money Market	1.50%	Open	\$ 17,331,617	\$ 17,331,617
Total Money Markets			\$ 17,331,617	\$ 17,331,617
Weighted Average Rate Per MM Total	1.50%			
CD AND CDARs Investments				
AimBank - 12 Month CD	2.38%	1/31/20	\$ 2,099,290	\$ 2,173,000
BBVA CD	1.75%	12/15/19	1,032,140	1,039,478
Total CD and CDARs Investments			\$ 3,131,430	\$ 3,212,478
Weighted Average Rate Per CD's Total	2.17%			
Municipal Securities				
Arizona ST B Tax	2.18%	7/1/20	340,000	341,034
Florida St Bd A Tax	2.64%	7/1/21	1,000,000	1,018,540
Union City NJ B Tax	2.80%	3/1/20	300,000	300,000
Kansas St Dev H Tax	1.40%	4/15/20	820,000	821,017
Center TX ISD Tax	5.40%	2/15/21	1,000,000	1,038,860
Hudson Cnty NJ C-2 Tax	3.00%	9/18/20	1,000,000	1,008,570
Dallas TX	2.21%	10/1/20	3,325,000	3,345,050
Texas Tech University	1.95%	2/15/21	500,000	505,360
Total Municipal Securities			\$ 8,285,000	\$ 8,378,430
Weighted Average Rate Per Muni Total	2.67%			
TOTAL INVESTMENTS	1.78%		\$ 54,716,876	\$ 54,891,354

** Amount does not reflect prior period market adjustments and represents fair market value adjustment as of current period end only.

**ODESSA DEVELOPMENT CORPORATION
INVESTMENT PORTFOLIO
MARCH 31, 2020**

End of Month

<u>INVESTMENT TYPE</u>	<u>YTM</u>	<u>MATURITY</u>	<u>PAR</u>	<u>FAIR**</u>
Local Government Investment Pools				
TexPool	1.03%	Open	\$ 19,976,513	\$ 19,976,513
Logic	1.43%	Open	7,050,473	7,050,473
Total Local Government Investment Pools			\$ 27,026,986	\$ 27,026,986
Weighted Average Rate Per Pools Total	1.14%			
Money Market Investment				
Frost Money Market	0.85%	Open	\$ 12,511,892	\$ 12,511,892
Total Money Market			\$ 12,511,892	\$ 12,511,892
Weighted Average Rate Per MM Total	0.85%			
CD AND CDARs Investments				
AimBank - 17 Month CD	2.38%	1/31/20	\$ 2,099,290	\$ 2,175,734
BBVA CD	1.75%	12/15/19	1,032,140	1,040,974
Total CD and CDARs Investments			\$ 3,131,430	\$ 3,216,708
Weighted Average Rate Per CD's Total	2.17%			
Municipal Securities				
Arizona ST B Tax	2.18%	7/1/20	\$ 340,000	\$ 340,486
Florida St Bd A Tax	2.64%	7/1/21	\$ 1,000,000	1,000,910
Kansas St Dev H Tax	1.40%	4/15/20	820,000	820,361
Dallas TX	2.21%	10/1/20	3,325,000	3,329,954
Center Tex ISD Tax	5.40%	2/15/21	1,000,000	1,036,190
Hudson Cnty NJ C-2 Tax	3.00%	9/18/20	1,000,000	1,001,700
Texas Tech University	1.95%	2/15/21	500,000	505,210
Texas St Trans	4.00%	8/27/20	5,000,000	5,056,400
Total Municipal Securities			\$ 12,985,000	\$ 13,091,211
Weighted Average Rate Per Munis Total	3.18%			
TOTAL INVESTMENTS	1.61%		\$ 55,655,308	\$ 55,846,798

** Amount does not reflect prior period market adjustments and represents fair market value adjustment as of current period end only.

RESOLUTION NO. ODC-2020R-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION APPROVING A DOWNTOWN FAÇADE ECONOMIC DEVELOPMENT AGREEMENT WITH KARLA ZUBIATE FLORES; AUTHORIZING THE EXECUTION OF ANY DOCUMENTS NECESSARY TO IMPLEMENT THIS RESOLUTION; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, Local Government Code (“LGC”) Sec. 504.105 provides that a Type A corporation may spend no more than ten percent (10%) of the corporate revenues for promotional purposes; and

WHEREAS, Odessa City Code Sec. 11-4-2 provides that façade improvements will enhance the appearance of buildings, to better attract other businesses to the downtown area and to demonstrate the economic vitality of the Downtown area for economic development purposes; and

WHEREAS, Karla Zubiata Flores (the “Grantee”) proposes to make façade improvements to a building located at 513 N. Grant Avenue which satisfies the requirements of Sec. 504.105 LGC and Sec. 11-4-2 City Code;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION:

Section 1. That the statements of fact in the Preamble are found to be true and correct and are approved as findings.

Section 2. That the Downtown Façade Economic Development Agreement with Karla Zubiata Flores in the amount of \$25,000 is approved and authorized for execution.

Section 3. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 14th day of May, A.D., 2020, by the following vote:

Tim Edgmon	_____
Gene Collins	_____
Melanie Hollmann	_____
David Boutin	_____
Chris Cole	_____

Approved the 14th day of May, A.D., 2020.

APPROVED AS TO FORM:

Tim Edgmon, President

ATTEST:

Natasha Brooks, City Attorney as Attorney for ODC Board

Norma Aguilar-Grimaldo, City Secretary as Assistant Secretary for ODC Board

STATE OF TEXAS §
COUNTY OF ECTOR §

DOWNTOWN FAÇADE
ECONOMIC DEVELOPMENT AGREEMENT
ODESSA DEVELOPMENT CORPORATION
(GRANT)

This Downtown Façade Economic Development Agreement (“Agreement”) is entered into by and between the Odessa Development Corporation (“ODC”), a Texas non-profit corporation, whose address is 411 West 8th Street, P.O. Box 4398, Odessa, Texas, 79760, and Karla Zubiate Flores (“Grantee”), whose address is 513 N. Grant Avenue, Odessa, Texas 79761.

ARTICLE I
BACKGROUND

- 1.1 **Purpose:** ODC is a tax-supported non-profit corporation whose primary income is from sales tax collected within the City of Odessa and dedicated exclusively to economic development. The sales tax supporting ODC is authorized as a local option under V.A.C.S., Art. 5190.6, Sec. 4A (the “Act”), now Chapters 501 and 504 of the Local Government Code, and was enacted by the voters of Odessa in November, 1997. ODC exists for the primary and public purpose of developing, stabilizing, diversifying and expanding the Odessa economy through the construction of necessary infrastructure, the investment in site facilities and retention, expansion and recruitment of employment opportunities in order to benefit citizens of Odessa and the surrounding area.
- 1.2 **Project:** Based on the expressed purpose, Grantee satisfies the requirements of the Act which includes Section 504.105, for promotional purposes, and the façade improvements to the building located at 513 N. Grant Avenue, Odessa, Ector County, Texas, and further described as Lot 7, Block 28, ORIGINAL TOWN (“Property”) will enhance the appearance of a building and demonstrate the renewed viability of the Odessa Downtown area, which in turn will develop new and expanded business in the area.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements of the parties, it is agreed as follows:

ARTICLE II
ECONOMIC BENEFITS TO THE CITIZENS OF ODESSA

- 2.1 **Conditions:** Grantee agrees to the following conditions of the grant:
- .1 To improve the façade of the Property as described in Exhibit “A” within twelve (12) months of the effective date of the Agreement.
 - .2 To own or have under lease the property to be improved.
 - .3 To comply with all city ordinances and laws including the Guidelines for the Downtown Odessa, Incorporated Façade Program.
 - .4 All of Property is to be updated and prepared for use as business and/or retail space.

- .5 Grantee shall be current on payment of all ad valorem taxes due and owing by it to the City of Odessa and all other taxing authorities having jurisdiction during the term of this agreement.
 - .6 Grantee shall obtain and maintain all necessary rights, licenses and permits required by law.
 - .7 Only qualifying façade improvement costs incurred after the date of application are eligible for reimbursement. Grantee filed its application with the City of Odessa on August 13, 2019.
- 2.2 **Term:** This Agreement becomes effective on the last date of execution hereof and approval by ODC and the City Council of the City of Odessa, Texas (the “Effective Date”), and shall continue until Grantee has met the requirements for payment and the payment by the grant has been made by ODC, but in no event shall the term exceed one year for compliance by Grantee. The Agreement may be terminated by mutual agreement of the parties, or when terminated as hereinafter provided.
 - 2.3 **Law:** The parties are aware of statutory limitations on this grant and the use of funds under the Act, and acknowledge that the funds herein granted or guaranteed shall be utilized solely for purposes authorized under that law and by the terms of this Agreement.
 - 2.4 **Insurance:** Grantee shall at its sole expense obtain and maintain property insurance to protect the Property from “All Risks” of direct physical loss or damage for the entire term of this Agreement. Grantee shall provide a certificate of such insurance to ODC within 30 days of the Effective date of the Agreement and prior to payment by ODC.

ARTICLE III

ECONOMIC INCENTIVES FOR DEVELOPMENT

- 3.1 **Incentives:** ODC shall provide the following type of incentive, in the designated amount after Grantee shows compliance with the conditions set forth herein.

Based on the 4-tiered system, the applicant will be reimbursed up to 100% (but not more than \$25,000.00) of the allowable grant funds listed in Exhibit A. Owner or Lessee is responsible for at least 20% of the total project cost. The tier percentages are as follows:

- .1 Tier 1: 100% of the 80% of grant funds shall be available for properties located within the boundaries of 3rd St., N. Jackson Ave., 7th St., and N. Lincoln Ave.;
- .2 Tier 2: 75% of the 80% of grant fund shall be available for properties located within the boundaries of 2nd St., N. Hancock Ave., 8th St., and N. Sam Houston Ave.;
- .3 Tier 3: 50% of the 80% of grant funds shall be available for properties located within the boundaries of 1st St., N. Tom Green Ave., 9th St., and N. Washington Ave.; and
- .4 Tier 4: 25% of the 80% of grant funds shall be available for properties located outside the boundaries of Tier 1 through Tier 3 but still within the Downtown boundaries as described above.

The property associated with this infrastructure project falls within the **1ST TIER** of the system.

- 3.2 **Inspection:** Prior to any payment by ODC, a physical inspection must be completed to verify completion of all repairs.
- 3.3 **Documents:** *Prior to any payment by ODC*, Grantee shall deliver to ODC the following documents:
- .1 Written request for payment of grant incentive including the amount requested;
 - .2 Signed W-9 tax identification form for the current year;
 - .3 Documents showing compliance with the conditions set forth in this agreement including invoices for eligible work received after the date of the application as listed in Section 2.1.7 of this agreement as well as proof that all invoices for work performed have been paid, prior to reimbursement.
 - .4 The payment request and documentation should be directed to the Office of the City Attorney, Odessa Development Corporation, 411 W. 8th Street, Odessa, Texas 79761, or by email to legal@odessa-tx.gov.
- 3.4 **Payments:** Grantee agrees that ODC will only be required to pay funds from moneys currently collected and budgeted by means of the economic development sales tax; and in the event that there are not sufficient funds for purposes of this Agreement, then the funding for this Agreement shall not be offset or charged against any other funds of ODC or City.
- 3.5 **Payment Schedule:** The incentives shall be paid by ODC to Grantee upon City's confirmation of Grantee's compliance with Sections 3.2 and 3.3 above.

ARTICLE IV **SPECIAL CONDITIONS**

- 4.1 **Covenants:** Grantee makes the following covenants to ODC and agrees that in the event of failure of Grantee to comply with such covenants, the breach of any one of which shall constitute an event of default, ODC may terminate this Agreement, at its sole discretion; and in the event of such termination, if any consideration has been paid to or on behalf of Grantee, and not earned, Grantee must reimburse ODC for such consideration:
- .1 Grantee is a legal entity duly organized and existing in good standing and is duly authorized to do business in the State of Texas.
 - .2 The execution of this Agreement has been duly authorized by its individual owner or by its board of directors or an officer of Grantee empowered to execute such agreements and bind Grantee, and is not in contravention of any law, rule or regulations or of the provisions of Grantee's articles of incorporation or by-laws, or of any agreement or instrument to which Grantee is a party or by which it may be bound.

- .3 No material litigation or governmental proceeding is pending, or, to the knowledge of any of Grantee's officers, threatened against or affecting Grantee, that would prevent Grantee from performing the Agreement.
- .4 No certificate or statement delivered by Grantee to ODC in connection herewith, or in connection with any transaction contemplated hereby, contains any knowingly untrue statement or fails to state any fact necessary to keep the statements contained therein from being misleading.
- .5 There are no bankruptcy proceedings or other such proceedings currently pending or contemplated by Grantee.

4.2 **Suspension:** ODC, under the following circumstances, at its sole discretion, may suspend its obligations under this Agreement, may terminate this Agreement and recapture any of the unearned consideration paid by ODC:

- .1 The insolvency of Grantee. "Insolvent" is defined to mean Grantee either has generally ceased to pay its debts in the ordinary course of business, has admitted in writing its inability to pay its debts as they become due, or is insolvent within the meaning of the federal bankruptcy law.
- .2 The appointment of a receiver of Grantee, or of all or any substantial part of its property, and the failure of such receiver to be discharged within sixty (60) days thereafter.
- .3 The adjudication of Grantee as bankrupt.
- .4 The filing by Grantee of a petition to be adjudged bankrupt, or a petition or answer seeking reorganization or admitting the material allegations of a petition filed against it in any bankruptcy or reorganization proceeding.

4.3 **Additional Covenants:**

- .1 If Grantee should fail to comply with the terms and conditions of this agreement, the breach of any one of which shall constitute an event of default, and fail to cure such violation within thirty (30) days of written notice, ODC may terminate this Agreement. In the event that the Agreement is terminated; Grantee shall be required to reimburse ODC on demand for all consideration paid to or on behalf of Grantee by ODC and not earned by Grantee pursuant to this Agreement.
- .2 Regardless of whether Grantee is the owner of the property or the lessee, if the owner sells the building within one (1) year of the payment of the grant funds, the owner shall repay the full amount of the grant.
- .3 Regardless of whether Grantee is the owner of the property or the lessee, if the owner sells the building after one (1) year has passed but within two (2) years of the payment of the grant funds, the owner shall repay fifty percent (50%) of the grant amount.

ARTICLE V
GENERAL TERMS

- 5.1 **Entire Agreement:** This Agreement embodies the complete agreement of the parties hereto, superseding all oral or written, previous and contemporary agreements between the parties relating to matters in this Agreement; and, except as otherwise provided herein, this Agreement cannot be modified or amended without a written agreement of the parties.
- 5.2 **Legal Relationships:** No term or provision of this Agreement or act of Grantee in the performance of this Agreement shall be construed as making Grantee, or its employees, the agent, servant, employee or contractor of City or ODC. The City's approval of the Agreement is required by the ODC Articles of Incorporation and Bylaws. The City is a third party beneficiary and not a direct party to the Agreement.
- 5.3 **Indemnity:** *Grantee shall indemnify and hold harmless ODC, City and Downtown Odessa, Inc., their respective officers, employees, and agents from any and all claims, liabilities, losses, damages and expenses arising out of or in any manner connected with this Agreement, but only to the extent resulting from or caused by the negligence, gross negligence, willful or intentional act or omission of Grantee, its officers, employees and agents, and including all expenses, attorney's fees and court costs which may be reasonably incurred by the City, ODC or Downtown Odessa, Inc. in litigation or in resisting any such claims or such causes of action.*
- 5.4 **Termination:** This Agreement may be terminated by mutual agreement of the parties or by either party, upon the failure of the other party to fulfill an obligation as set forth herein if the default is not cured within thirty (30) days after written notice from the other party. The termination of this Agreement shall extinguish all rights, duties, obligations and liabilities of the ODC and Grantee under this Agreement, except all rights, duties, liabilities, and obligations accrued prior to such termination shall survive termination.
- 5.5 **Counterparts:** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.
- 5.6 **Venue:** The obligations of the parties to this Agreement are performable in the City of Odessa which is located primarily in Ector County, Texas, and if legal action is necessary to enforce same, exclusive venue shall lie in Ector County, Texas.
- 5.7 **Legal Construction:** In case one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. There shall not be a higher duty or responsibility for any party because they draft the Agreement.
- 5.8 **Law:** This Agreement is subject to all legal requirements in the City Charter, the Code of Ordinances and all other applicable state and federal laws, and Grantee agrees that it promptly will comply with all such applicable laws, regulations, orders and rules of the State, City and other such governmental agencies. This Agreement shall be governed by and construed in accordance with the laws and court decisions of the State of Texas. Federal and State law shall prevail over local law or regulations.

- 5.9 **Assignment:** This Agreement may only be assigned with the mutual consent of both parties. The Agreement may not be assigned to an entity that is exempt from ad valorem property taxes. In the event that the assignment by Grantee is to an entity that is exempt from ad valorem property taxes or not approved by ODC and City of Odessa, the total grant amount shall be repaid by Grantee to ODC within 60 days and Section 3.1 regarding incentives earned shall not be applicable.
- 5.10 **Representation:** Grantee represents that no ODC board member, City officer, or employee, has been compensated in any way with respect to this Agreement and its consideration. In no event will Grantee pay a fee to or in any other manner compensate any ODC board member, City officer, or employee, in connection with the approval of this Agreement. A breach under this Article shall result in automatic termination under this Agreement by Grantee.
- 5.11 **Notices:** All notices, communications and reports required or permitted under the Agreement shall be personally delivered or mailed to the respective parties by depositing same in the United States mail, postage prepaid, at the address shown below. Mailed notices shall be deemed communicated as of five (5) days after mailing.
- If intended for ODC to:
- Norma Aguilar-Grimaldo
ODC Assistant Secretary
P.O. Box 4398
Odessa, Texas 79760-4398
- If intended for GRANTEE, to:
- Karla Zubiarte Flores
513 N. Grant Avenue
Odessa, Texas 79762
kzflores55@yahoo.com
- 5.12 **Other Contracts:** It is understood by Grantee that the ODC has heretofore entered, and may hereafter enter into contracts with other companies or persons upon terms and conditions different from the terms and conditions of this Agreement, and Grantee has no objection whatsoever to any such other contracts.
- 5.13 **City of Odessa:** The words “City” or “City of Odessa” shall mean both the area that is within the City limits of the City of Odessa and in its extraterritorial jurisdiction and any area that ODC would determine is beneficial to the City on a project by project basis.
- 5.14 **Benefit and Binding Effect:** This Agreement is subject to the approval of the City Council of Odessa, Ector County, Texas, and shall not be effective until the City Council’s approval is received. In the event the property where the project is to be located is outside the city limits, it shall also require the approval of Ector or Midland County Commissioners’ Court to be effective.
- 5.15 **Settlements:** In the event difficulties occur in the performance of an economic development agreement (which do not rise to the level of substantially altering the contract), which require the consideration of settlement proposals, the ODC Board, at a regular ODC board meeting, can approve such settlement agreements by written agreement without City Council action.

- 5.16 **Contra Proferentem:** It is agreed that the Doctrine of Contra Proferentem, the doctrine whereby an ambiguous contract will be interpreted against its author, shall not apply in the interpretation of this contract.

ARTICLE VI
CHAPTER 2264, TEXAS GOVERNMENT CODE

- 6.1 **Purpose:** The purpose of this Article is to comply with H.B. 1196 (Chapter 2264, Texas Government Code) adopted in the 2007 Legislative Session by the State of Texas. The terms used are as defined in the statute.

- 6.2 **Conditions:** Grantee agrees to the following conditions:

- .1 Grantee certifies that the business, or a branch, division, or department of the business, does not and will not knowingly employ an undocumented worker. An undocumented worker means an individual who, at the time of employment, is not: (A) lawfully admitted for permanent residence to the United States; or (B) authorized under law to be employed in that manner in the United States.
- .2 Grantee agrees that ODC is an “economic development corporation” as defined in the statute and the benefit or assistance provided to Grantee is a “public subsidy” as defined in the statute.
- .3 If after receiving the public subsidy, Grantee, or a branch, division, or department of Grantee, is convicted of a violation under 8 U.S.C. Section 1324a(f), Grantee shall repay the amount of the public subsidy with interest, not later than the 120th day after the date ODC notifies Grantee of the violation. Interest shall begin to accrue on the day that Grantee is given notice of the violation at a rate of one percent (1%) per month. Interest stops accruing on the date Grantee mails or electronically transmits payment.
- .4 ODC may bring a civil action to recover any amounts owed to ODC under this Article and Chapter 2264, court costs and attorney fees.
- .5 Grantee is not liable for a violation of this Article and Chapter 2264 by a subsidiary, affiliate, or franchise of Grantee, or by a person with whom Grantee contracts.

Signature page to follow

Executed this the _____ day of _____, 20____.

ATTEST:

“ODC”
Odessa Development Corporation

Norma Aguilar-Grimaldo, Assistant Secretary

By: _____
Betsy Triplett-Hurt, Board President

“GRANTEE”

By: _____
Karla Zubiata Flores

FOR APPROVAL ONLY:
“CITY”
City of Odessa

By: _____
Michael Marrero, City Manager

APPROVED AS TO FORM:

Robert Carroll, Sr. Assistant City Attorney

(ODC)

STATE OF TEXAS §
COUNTY OF ECTOR §

This instrument was acknowledged before me on the ____ day of _____, 2020, by Tim Edgmon, President of Odessa Development Corporation.

Notary Public in and for the State of Texas

(GRANTEE)

STATE OF TEXAS §
COUNTY OF ECTOR §

This instrument was acknowledged before me on the ____ day of _____, 2020, by Karla Zubiata Flores.

Notary Public in and for the State of Texas

EXHIBIT "A"
FAÇADE - BUSINESS INVESTMENT

FACADE - Exhibit A

Downtown Odessa, Inc. Facade Improvement Program
Company Name: TBD - Owner to rent once completed
Company Address: 513 N Grant Ave.
Owner Name: Karla Zubiate Flores

FACADE INVESTMENT		
IMPROVEMENT	EXPLANATION OF WORK	COST ESTIMATE
Demolition	Remove existing drywall, framing and associated electrical (brick walls) at front of existing building, remove existing aluminum & glass storefront, remove existing soffit to existing brick, demo existing pebble at exterior entry	\$7,100.00
Framing	Shore up at existing to allow for new A&G storefront, new stucco soffit, install 5x5x2 angle ledge for limestone, new 2x6 pony wall at existing parapet with existing sheathing, install metal wall panels with flashing at back side of new pony wall, install new sheetrock at entry, temp wall with door	\$3,850.00
Awning	2x6x1/4 TS (20Wx5D) paints, R-panel at awning, backing for awning bracing, awning installation	\$3,800.00
Stucco	75 sf	\$1,500.00
Limestone	315 sf with brick ties	\$4,900.00
Tile	new tile at exterior entry	\$1,250.00
A&G Storefront	bronze frame	\$13,000.00
Electrical	Install 2 wall sconce and prep for signage	\$2,650.00
Misc:	Permit, builders risk insurance, temp electric and water if required	\$750.00
Labor and Supervision		\$7,760.00
INVESTMENT TOTAL:		\$46,560.00

GRANT REQUEST		
TIER LEVEL	PERCENTAGE AVAILABLE	GRANT AVAILABLE
1	80%	\$25,000.00

OWNER INVESTMENT		
TIER LEVEL	MINIMUM INVESTMENT / ACTUAL INVESTMENT	OWNER RESPONSIBILITY
1	20% / 46%	\$21,560.00

TOTAL BUSINESS/PROPERTY INVESTMENT:		\$46,560.00
--	--	--------------------

RESOLUTION NO. ODC-2020R-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, AFFIRMING PROJECT COMPLIANCE FOR ODESSA COLLEGE; APPROVING PAYMENT; APPROVING THE FINDINGS OF FACT; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, Odessa College and ODC entered into an Amended Economic Development Agreement (“Agreement”) on September 8, 2017; and

WHEREAS, the City administers an annual reporting program for all existing agreements to determine compliance; and

WHEREAS, the audit services provider has completed its review of the required compliance documentation for the February 2020 reporting period on the Agreement; and

WHEREAS, the City has reviewed the compliance monitoring report provided by the audit services provider, finds Odessa College to be in compliance for the February 2020 reporting period and recommends payment in the amount of \$526,779.64, and

WHEREAS, Odessa College has previously been paid \$6,650,829.14 under the Agreement; and

WHEREAS, the payment approved in this Resolution will bring the total paid under Agreement to \$7,177,608.78;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION:

Section 1. That the statements of fact in the Preamble are found to be true and correct and are approved as findings

Section 2. That Odessa College is found to be in compliance for the February 2020 reporting period of the contract.

Section 3. That the payment in the amount of \$526,779.64 is hereby approved.

Section 4. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 14th day of May, A.D., 2020, by the following vote:

Tim Edgmon	_____
Gene Collins	_____
Melanie Hollmann	_____
David Boutin	_____
Chris Cole	_____

Approved the 14th day of May, A.D., 2020.

APPROVED AS TO FORM:

Tim Edgmon, President

ATTEST:

Natasha L. Brooks, Sr. Asst. City Attorney as
Attorney for ODC Board

Norma Aguilar-Grimaldo, City Secretary as
Assistant Secretary for ODC Board

Odessa Development Corporation

Compliance Monitoring Report for Odessa Junior
College District

April 24, 2020

CONTENTS

Page

Compliance Monitoring Report 1

Nature of the Entity2

Scope and Objectives2

Procedures Performed, Observations and Findings3



Austin | Conroe | Dallas | Fort Worth | Houston | Los Angeles
Midland | New York City | San Antonio | San Diego

Compliance Monitoring Report for Odessa Junior College District

To the Board of Directors
Odessa Development Corporation
Odessa, Texas

This report represents the results of our compliance monitoring procedures, as determined by management, relating to the compliance period of September 1, 2019, through February 28, 2020, for the Economic Development Agreement with Odessa Junior College District (the College).

The objective of our compliance monitoring procedures is to verify the College is complying with the requirements of their Economic Development Agreement, as deemed appropriate by management.

To accomplish this objective, we held discussions with management, reviewed the College's Economic Development Agreement and pertinent supporting documentation as provided by the Odessa Development Corporation.

The procedures were performed based on guidelines provided by management and in accordance with standards for consulting services issued by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit, in which the objective would be the expression of an opinion. Accordingly, we do not express such an opinion.

This report is intended solely for the use of management and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. The following report summarizes the procedures performed, observations and findings.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
April 24, 2020

Weaver and Tidwell, L.L.P.
1601 South MoPac Expressway, Suite D250 | Austin, Texas 78746
Main: 512.609.1900 | Fax: 512.609.1911

CPAs AND ADVISORS | WEAVER.COM

Odessa Development Corporation

Compliance Monitoring Report for Odessa Junior College District April 24, 2020

Nature of the Entity

The Odessa Development Corporation (Corporation) is a quasi-governmental organization created on December 1, 1997 as a public instrumentality and non-profit industrial development corporation under provisions of the Development Corporation Act of 1979 of the state of Texas, and is funded by a ¼ percent sales tax.

The Corporation is governed by a five-member Board of Directors appointed by the City Council, and the Corporation's annual operating budget, as well as projects undertaken by it, is subject to approval by the City Council. Because of this oversight responsibility, the Corporation is considered to be a component unit of the City of Odessa, Texas, and in accordance with Governmental Accounting Standards Board (GASB), its financial affairs are included in the City's comprehensive annual financial report as a discretely-presented entity. Based on the nature of its major revenues, it is included in the City's governmental funds presentation.

The purpose of the Corporation is to promote and develop industrial and manufacturing enterprises in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City of Odessa, and to do any and all projects authorized by section 4A of the Development Corporation Act.

Scope and Objective

The scope of our engagement is to perform compliance monitoring procedures for the selected grantee, as directed by management. These procedures include reviewing each grantee's Economic Development Agreement (EDA) and supporting documentation for the selected compliance period.

The objective of our engagement is to ensure that adequate documentation exists for each compliance period to support compliance with the requirements of the grantee's EDA, as deemed appropriate by management.

Odessa Development Corporation

Compliance Monitoring Report for Odessa Junior College District April 24, 2020

Procedures Performed, Observations and Findings

We performed compliance monitoring procedures for the following grantee's compliance period of September 1, 2019, through February 28, 2020:

- 1. Procedures Performed:** We obtained the College's General Ledger data and vendor invoices to verify whether grantee expended the funds for training facilities, equipment and construction costs in an amount not to exceed \$8,000,000, as required by the EDA.

Results: No findings were identified. We verified that the \$526,780 included on the Odessa College invoice for the September 1, 2019 – February 28, 2020 billing period were expended for training facilities, equipment and construction costs:

As of February 28, 2020, the College expended a total of \$7,177,609 out of the \$8,000,000.00 awarded by this grant.

- 2. Procedures Performed:** We obtained the student enrollment certification by the President of Odessa College and verified whether Odessa College met the 950 student completions requirement for the Fall 2019 semester.

Results: No findings were identified. We verified that Odessa College met the student completions requirement for the Fall 2019 semester.

RESOLUTION NO. ODC-2020R-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, AFFIRMING PROJECT COMPLIANCE FOR FMC TECHNOLOGIES, INC.; APPROVING ANNUAL PAYMENT; APPROVING THE FINDINGS OF FACT; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, FMC Technologies, Inc. ("FMC") and ODC entered into an Amended Economic Development Agreement ("Agreement") on November 10, 2016; and

WHEREAS, the City administers an annual reporting program for all existing agreements to determine compliance; and

WHEREAS, the audit services provider has completed its review of the required compliance documentation for the 2019 reporting period on the Agreement; and

WHEREAS, the City has reviewed the compliance monitoring report provided by the audit services provider, finds FMC to be in compliance for the 2019 reporting period and recommends payment in the amount of \$76,398.40, and

WHEREAS, FMC has previously been paid \$152,796.80 under the Agreement; and

WHEREAS, the payment approved in this Resolution will bring the total paid under the Agreement to \$229,195.20;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION:

Section 1. That the statements of fact in the Preamble are found to be true and correct and are approved as findings

Section 2. That FMC is found to be in compliance for the 2019 reporting period of the Agreement.

Section 3. That the payment in the amount of \$76,398.40 is hereby approved.

Section 4. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 14th day of May, A.D., 2020, by the following vote:

Tim Edgmon	_____
Gene Collins	_____
Melanie Hollmann	_____
David Boutin	_____
Chris Cole	_____

Approved the 14th day of May, A.D., 2020.

APPROVED AS TO FORM:

Tim Edgmon, President

ATTEST:

Natasha L. Brooks, Sr. Asst. City Attorney as
Attorney for ODC Board

Norma Aguilar-Grimaldo, City Secretary as
Assistant Secretary for ODC Board

Odessa Development Corporation

Compliance Monitoring Report for

FMC Technologies, Inc.

April 29, 2020

C O N T E N T S

Page

Compliance Monitoring Report	1
Nature of the Entity	2
Scope and Objectives	2
Procedures Performed, Observations and Findings	2



Compliance Monitoring Report for FMC Technologies, Inc.

To the Board of Directors
Odessa Development Corporation
Odessa, Texas

This report represents the results of our compliance monitoring procedures, as determined by management, relating to the compliance period of January 1, 2019, through December 31, 2019, for the Economic Development Agreement with FMC Technologies, Inc. (FMC).

The objective of our compliance monitoring procedures is to verify the grantee is complying with the requirements of their Economic Development Agreement, as deemed appropriate by management.

To accomplish this objective, we held discussions with management, reviewed the grantee's Economic Development Agreement and pertinent supporting documentation as provided by the Odessa Development Corporation.

The procedures were performed based on guidelines provided by management and in accordance with standards for consulting services issued by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit, in which the objective would be the expression of an opinion. Accordingly, we do not express such an opinion.

This report is intended solely for the use of management and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. The following report summarizes the procedures performed, observations and findings.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
April 29, 2020

Weaver and Tidwell, L.L.P.
1601 South MoPac Expressway, Suite D250 | Austin, Texas 78746
Main: 512.609.1900

CPAs AND ADVISORS | WEAVER.COM

Odessa Development Corporation

Compliance Monitoring Report for FMC Technologies, Inc.

April 29, 2020

Nature of the Entity

The Odessa Development Corporation (Corporation) is a quasi-governmental organization created on December 1, 1997 as a public instrumentality and non-profit industrial development corporation under provisions of the Development Corporation Act of 1979 of the state of Texas, and is funded by a ¼ percent sales tax.

The Corporation is governed by a five-member Board of Directors appointed by the City Council, and the Corporation's annual operating budget, as well as projects undertaken by it, is subject to approval by the City Council. Because of this oversight responsibility, the Corporation is considered to be a component unit of the City of Odessa, Texas, and in accordance with Governmental Accounting Standards Board (GASB), its financial affairs are included in the City's comprehensive annual financial report as a discretely-presented entity. Based on the nature of its major revenues, it is included in the City's governmental funds presentation.

The purpose of the Corporation is to promote and develop industrial and manufacturing enterprises in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City of Odessa, and to do any and all projects authorized by section 4A of the Development Corporation Act.

Scope and Objective

The scope of our engagement is to perform compliance monitoring procedures for the selected grantee, as directed by management. These procedures include reviewing each grantee's Economic Development Agreement (EDA) and supporting documentation for the selected compliance period.

The objective of our engagement is to ensure that adequate documentation exists for each compliance period to support compliance with the requirements of the grantee's EDA, as deemed appropriate by management.

Procedures Performed, Observations and Findings

We performed compliance monitoring procedures for the following FMC's compliance period of January 1, 2019 through December 31, 2019:

1. **Procedures Performed:** Weaver reviewed lease documentation to verify whether FMC expended at least \$13,500,000 to purchase and improve the property, as required by the investment clause of the EDA.

Results: Weaver identified the lease investment balance which represents the aggregate cost of the building and equipment totaled \$12,965,000. This amount is \$535,000 below the required contribution specified in the EDA of \$13,500,000. However, the remaining investment amount for future year's compliance was waived by the ODC by resolution on June 13, 2019. Therefore, this is not considered a finding.

Odessa Development Corporation

Compliance Monitoring Report for FMC Technologies, Inc.

April 29, 2020

- 2. Procedures Performed:** We requested the Certificate of Liability Insurance from FMC Technologies, Inc. However, the Certificate was only provided for the months of May 2019 through December 2019 prior to the issuance of this report. Due to the circumstances surrounding the COVID-19 pandemic, and the shelter-in-place recommendations from the State of Texas, ODC waived the testing of this requirement for the months of January 2019 through April 2019 prior to payment of the grant instalment for 2019.

Results: No findings were identified.

- 3. Procedures Performed:** Weaver obtained and reviewed a listing of FMC Technologies, Inc. employees as of December 31, 2019, and their four, quarterly employment report to the Texas Workforce Commission (TWC) for 2019. Using the data from these reports, we verified the number of FMC's full-time equivalent (FTE) jobs and verified whether the grantee met the 57 FTE requirement, as identified in the jobs clause of the 9/19/2016 EDA Amendment.

Results: No findings were identified.

RESOLUTION NO. ODC-2019R-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION, AFFIRMING PROJECT COMPLIANCE FOR FMC TECHNOLOGIES, INC.; APPROVING ANNUAL PAYMENT IN THE AMOUNT OF \$76,398.40; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; AND DECLARING AN EFFECTIVE DATE.

WHEREAS, the City administers an annual reporting program for all existing incentive agreements to determine compliance; and

WHEREAS, the City has completed its review of the required compliance documentation on FMC Technologies, Inc. ("FMC") and submitted its findings to the Compliance Committee; and

WHEREAS, the Compliance Committee has reviewed the reports, found FMC did not meet compliance with regard to investment; specifically, FMC's total amount of capital investment was \$12,965,000 which is \$535,000 less than the required amount of \$13,500,000;

WHEREAS, the Compliance Committee found FMC to be in compliance with regard to Jobs and Payroll for the year 2018, and recommended annual payment in the amount of \$76,398.40;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE ODESSA DEVELOPMENT CORPORATION:

Section 1. That the statements of fact in the Preamble are found to be true and correct and are approved as findings;

Section 2. That FMC is found to be in compliance for the year 2018.

Section 3. That FMC's remaining investment amount is waived for future years' compliance reporting.

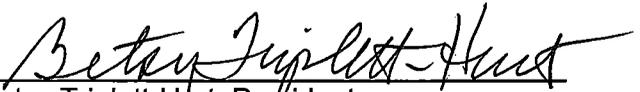
Section 4. That the annual payment in the amount of \$76,398.40 for the year 2018 is approved.

Section 5. That this resolution shall be effective at the time of its adoption.

The foregoing resolution was approved and adopted on the 13th day of June, A.D., 2019, by the following vote:

Gene Collins	AYE
Melanie Hollmann	ABSENT
Betsy Triplett-Hurt	AYE
Ted Tuminowski	AYE
Tim Edgmon	AYE

Approved the 13th day of June, A.D., 2019.


Betsy Triplett-Hurt, President

APPROVED AS TO FORM:


Atasi Bhavsar, Sr. Assistant City Attorney as
Attorney for ODC Board

ATTEST:


Norma Aguilar-Grimaldo, City Secretary as
Assistant Secretary for ODC Board

Keeping it Together!!

Preserving the Permian Basin Energy Sector and the Odessa Economy through the COVID-19 and Related Oil Market Challenges

May 2020



Contents

Executive Summary	iii
Introduction	1
The Permian Basin’s Challenge.....	2
The Importance of the Permian Basin to the Texas and US Economies	4
Texas	6
United States	9
Permian Basin Energy Security and Balance of Payments Benefits ..	12
Energy Security	12
Balance of Trade Benefits.....	16
Fiscal Effects	17
Severance Taxes	17
Taxes from Economic Benefits	18
Dealing with COVID-19 and Oil Market Issues.....	20
US Economic Outlook.....	21
Texas Economic Outlook	22
Permian Basin Economic Outlook	26
Odessa Economic Outlook.....	31
Responding to COVID-19 and Oil Market Issues.....	35
Utilize a Task Force of Public-Sector and Private-Sector Community and Business Leaders.....	36
Support Grant and Loan Programs for Businesses	37
Provide Assistance to Local Families	39
Establish a Clearinghouse for Information Related to Available Assistance and Needs	40
Engage in an Information Campaign for the Local Workforce.....	41

Seek to Provide Universal Broadband Access Throughout the Area..... 42

Get the Word Out 43

Conclusion 44

Appendix A: Methods Used 46

 US Multi-Regional Impact Assessment System 46

 US Multi-Regional Econometric Model..... 50

 Overview 50

 Model Logic and Structure..... 50

 Model Simulation and Multi-Regional Structure 53

 The Final Forecast 53

Appendix B: Detailed Results..... 55

 Impact of the Permian Basin on the Texas Economy 56

 Impact of the Permian Basin on the US Economy 65

 Cumulative Impact of the Permian Basin on the Texas and US Economies
 Through 2030 Under Varying Oil Price Scenarios..... 74

 Additional Forecast Detail 82

Executive Summary

- The Permian Basin is among the most important oil-producing regions in the world. Drilling and production and the necessary supporting industries generate business activity not only in the region, but across the state and the nation. In order to be in a position to fully take advantage of future opportunities, it is imperative that the underlying capabilities remain in place – the workforce, the infrastructure, the supply chain, the equipment, and the community support systems. Given the current situation, maintaining this viability requires immediate action from governments at all levels and the private sector.
- The Perryman Group estimates that under normal market conditions such as those prevailing in 2019, the total economic benefits to Texas associated with oil and gas activity in the Permian Basin are estimated to include over \$163.8 billion in gross product each year and almost 1.4 million jobs. These amounts represent about 10% of the Texas economy. For the US, oil and gas activity in the Permian Basin leads to economic benefits of an estimated \$187.2 billion in gross product each year and more than 1.5 million jobs.
- In addition to the sheer magnitude of these economic benefits, the oil and gas produced in the Permian Basin are also important to achieving major US policy goals, such as energy security and reducing the deficit in the balance of trade.
- The Permian Basin also contributes billions in tax revenue to State and local taxing entities as well as the federal government through severance taxes paid on production and the increased taxes associated with the total economic benefits measured in the course of this study.
 - In fiscal 2019, severance taxes to the State of Texas on Permian Basin production totaled an estimated \$3.3 billion, with approximately \$16.3 billion over the past 10 fiscal years.
 - Total fiscal benefits through 2030 of additional business activity associated with Permian Basin production and severance taxes are estimated to include \$118.9 million to the State, \$88.2 million to local government entities across Texas, and \$456.0 million to the federal government under baseline oil price assumptions.

- Drastic, but necessary, measures to “flatten the curve” and prevent a major spike in COVID-19 infections have involved shutting down much of the economy. The inevitable result has been the loss of millions of jobs and a sudden and unprecedented downturn throughout the country and, indeed, the entire world. The Perryman Group’s most recent projections incorporate the potential effects of COVID-19.
 - The US forecast calls for significant losses this year of an estimated 9.8 million jobs and \$1.0 trillion in output (real gross domestic product) relative to 2019. However, a fairly rapid recovery is expected once the worst virus issues have passed.
 - For Texas, the negative effects of COVID-19 have been compounded by turmoil in energy markets. The Perryman Group’s forecast for Texas indicates losses this year of a projected 861,000 jobs (a 6.48% decrease) and \$133.8 billion in output (down 7.6%). On a relative basis, these losses exceed those for the nation as a whole.
 - The rapid decline in energy demand has magnified the effects of COVID-19 in the Permian Basin, and The Perryman Group’s forecast indicates losses of \$14.1 billion in output and 35,900 jobs in 2020
 - The forecast for the Odessa metropolitan area calls for significant losses this year of an estimated 10,400 jobs and \$1.5 billion in output (real gross domestic product) on an annualized basis relative to 2019, with substantially higher losses over the next few months.
- Supporting the structure of the energy sector in the Permian Basin through the current challenges can help ensure that it is in place and ready to resume production growth once the COVID-19 and oil market oversupply conditions are moderated.
- The Perryman Group’s assessment of the situation in Odessa indicates that the following actions should be taken, supported, and/or continued.
 - utilize a task force of public-sector and private-sector community and business leaders,
 - support grant and loan programs to affected businesses,
 - provide assistance to local families,
 - establish a clearinghouse for information related to available assistance and utilize available planning resources,

- engage in an information campaign to communicate to the community how the current downturn is different from others such as the 1980s,
 - seek to provide universal broadband availability across the area, and
 - engage in a marketing and advocacy campaign to inform State and federal leaders and major private-sector constituencies of the importance of the Permian Basin.
- An aggressive and focused response is imperative to both maintain the infrastructure of the local sector and secure the full potential of Odessa and the entire Permian Basin as the epicenter of efforts to meet future global energy needs.

Introduction

The Permian Basin is among the most important oil-producing regions in the world. Drilling and production and the necessary supporting industries generate business activity not only in the region, but across the state and the nation. This economic activity leads to substantial taxes to the Federal, State, and local governments. Billions in severance taxes on Permian Basin production are paid to the State every year. The benefits of energy security to the US are enormous, as are the

improvements in the trade balance fostered by energy exports.

Drilling and production and the necessary supporting industries generate business activity not only in the region, but across the state and the nation. This economic activity leads to substantial taxes to the State and local governments.

The Permian Basin is the epicenter of the recent progress and future prospects in these arenas, being responsible for about two-thirds of incremental domestic production in the past decade.

An economic and technological revolution of global significance has surfaced in oil and gas production in recent years and continues into a phase characterized by major increases in efficiency and associated cost reductions. Maintaining this source of notable stimulus and competitive advantage is of paramount importance.

In recent weeks, the remarkable success of the regional economy has been abruptly interrupted by the COVID-19 pandemic. Like many places around the globe, the area has been subject to the dislocations associated with social distancing and business closures required to combat the virus. In addition, the situation created an unprecedented reduction of about 25% in global energy demand in a matter of weeks. When coupled with increasing production and threats of even more among many of the world's leading producers, a drastic market collapse occurred, leaving economic disruptions throughout the Permian Basin in its wake.

The Perryman Group (TPG) was recently asked to (1) examine the importance of the Permian Basin to the US and Texas economies, (2) assess the current problems occurring in the region, and (3) identify the key areas in which remediation is required and offer recommendations. This report and its Appendices present the results of TPG's analysis.

The Permian Basin's Challenge

As noted, oil prices began to fall precipitously earlier this year due to the novel coronavirus and the effects of virus-related disruptions on demand for crude oil. The quantity of oil purchased in the market plummeted as the effects of the virus spread across the world, falling by more than 20% in March alone. This unprecedented, albeit temporary, “demand shock,” in and of itself, would have (and initially did) put enormous downward pressure on oil prices.

In the midst of the virus pandemic, talks among major global oil producers to try to bring discipline to the market collapsed. The decision by the Saudi Arabian government to engage in what was essentially a price war with Russia (after that country refused to endorse proposed production cuts) caused oil prices to fall sharply due to the potential for dramatically increased crude oil production. Several other large producers also signaled higher output. The result was a massive “supply shock” at a time of rapidly declining demand.

Neither Russia (because of inefficiencies in its production) nor Saudi Arabia (because of the social spending that is tied to oil production) could sustain low prices indefinitely, and the recent agreement to decrease production should bring some relief over time. Even so, prices currently remain low and have even recently gone decidedly negative for certain futures contracts, and the US industry is struggling, particularly smaller and mid-sized firms, as credit dries up and profits vanish.

Although production costs are down sharply in Texas in recent years, they are not yet at a level to maintain viability at prices in the \$20s per barrel. As a result, the current

The current situation is devastating, but temporary. The fundamental economic forces that were driving oil production to record levels have been paused, but they remain in place.

situation is leading to significant dislocations in the Permian Basin economy, as well as the state as a whole. The industry is engaged in a rapid shutdown of drilling activity, which ripples through an enormous supply

chain and supporting retail and service enterprises in the affected communities. Banks which have large energy company loan portfolios are being strained, and mid-stream and downstream investments are being deferred. Adverse effects on oil producing areas and those supporting the industry, including Odessa and the rest of the Permian Basin, are being observed in a dramatic fashion.

The current situation is devastating, but temporary. The fundamental economic forces that were driving oil production to record levels have been paused, but they remain in place. While there is no doubt that the world will look different going forward and certain protocols and practices will change, there is nothing to suggest that the overall level of future global production will be compromised. The emerging segments of the world economy will continue to expand rapidly once the virus subsides and will require enormous energy supplies. The Permian Basin resources will be essential to meeting these needs.

To be in a position to fully take advantage of the Permian Basin's resources, it is imperative that the underlying capabilities remain in place – the workforce, the infrastructure, the supply chain, the equipment, and the community support systems. Given the current situation, maintaining this viability requires immediate action from governments at all levels and the private sector.

To be in a position to fully take advantage of this opportunity, however, it is imperative that the underlying capabilities remain in place – the workforce, the infrastructure, the supply chain, the equipment, and the community support systems. Given the current situation, maintaining this viability requires immediate action from governments at all levels and the private sector. It is also important that the area continue efforts to deal with education, infrastructure, and other issues required to support long-term expansion. While it is natural and appropriate for these initiatives to be paused at present, they are vital for long-term success. Such efforts will ultimately require substantial external resources and support. Thus, assuring that stakeholders beyond the area fully understand the importance of the Permian Basin to both the US and Texas is essential. At present, the need for effective and immediate intervention is crucial for Odessa, as the key service hub of the oil and gas sector and a major population center, as well as for the entire region. Unfortunately, the current situation also brings declining fiscal revenues for local taxing authorities, but a substantive response is nonetheless imperative.

The Importance of the Permian Basin to the Texas and US Economies

The oil and gas sector in Texas has one of the highest regional jobs multipliers in the country, impacting not only producing areas, but also other parts of the state. In

The oil and gas sector in Texas has one of the highest regional jobs multipliers in the country, impacting not only producing areas, but also other parts of the state.

order to provide a complete understanding of the importance of the Permian Basin to the Texas and national economies, The Perryman Group estimated the direct economic stimulus associated with drilling and production

activity, related services firms, associated pipeline investments and operations, and the petrochemical complex along the Texas Gulf Coast including refineries, chemical plants, and LNG facilities and port activity which rely on Permian Basin production as an essential input. Estimates of direct effects of the Permian Basin were then used as inputs to the impact assessment system to estimate the total economic impact of the Permian Basin on the US and Texas economies. These effects are measured based on the period preceding the COVID-19 outbreak, in order to provide a “typical” illustration of the economic significance of the region.

The Perryman Group also measured economic, fiscal, and other effects through 2030 under four oil price scenarios. According to The Perryman Group’s assessment, the most likely case (with a 40% probability going forward) is one in which prices are in the \$55-\$65 per barrel range on average through 2030 (Baseline assumptions). The High case (prices above \$70 on average) is somewhat more likely than the Low case (prices in the \$45-\$55 range), with 30% and 25% probabilities, respectively. The Very Low case, where prices average \$25-\$35 on average through 2030, is unlikely (5% probability) based on current information. In fact, given global production costs and fiscal break-even levels, it is doubtful that prices at this level over an extended period could support and sustain required levels of supply to meet market requirements.

A brief overview of methods used and definitions of terms is located on the following page, with additional detail in Appendix A and results by industry in Appendix B.

Measuring Economic Impacts

The extraction, transportation, and processing of oil and gas produced in the Permian Basin lead to substantial business activity. Any economic stimulus, whether positive or negative, generates multiplier effects throughout the economy. The Perryman Group's input-output assessment system (the US Multi-Regional Impact Assessment System, which is described in further detail in the Appendices to this report) was developed by the firm about 40 years ago and has been consistently maintained and updated since that time. The model has been used in hundreds of analyses for clients ranging from major corporations to government agencies and has been peer reviewed on multiple occasions. The impact system uses a variety of data (from surveys, industry information, and other sources) to describe the various goods and services (known as resources or inputs) required to produce another good/service. This process allows for estimation of total economic impacts (including multiplier effects). The models used in the current analysis reflect the specific industrial composition and characteristics of the study areas.

Total economic effects are quantified for key measures of business activity:

Total expenditures (or total spending) measure the dollars changing hands as a result of the economic stimulus.

Gross product (or output) is production of goods and services that will come about in each area as a result of the activity. This measure is parallel to the gross domestic product numbers commonly reported by various media outlets and is a subset of total expenditures.

Personal income is dollars that end up in the hands of people in the area; the vast majority of this aggregate derives from the earnings of employees, but payments such as interest and rents are also included.

Job gains are expressed as (1) full-time equivalent jobs for effects which are expected to be ongoing or (2) job-years of employment for cumulative measures. A job-year is one person working for one year, though it could be multiple persons working partial years.

Monetary values were quantified on a constant (2020) basis to eliminate the effects of inflation. See Appendix A for additional information regarding the methods and assumptions used in this analysis and Appendix B for results by industry.

Texas

With significant oil production for more than a century, Texas has developed most aspects of the energy industry supply chain, and therefore the ripple effects are particularly large. The Perryman Group estimates that under normal market

The total economic benefits to Texas associated with activity in the Permian Basin are estimated to include over \$163.8 billion in gross product each year and almost 1.4 million jobs.

conditions such as those prevailing in 2019, the total economic benefits to Texas associated with oil and gas activity in the Permian Basin are estimated to include over \$163.8 billion in gross product

each year and almost 1.4 million jobs. These amounts represent about 10% of the Texas economy. Effects by industry segment are noted in the table below.

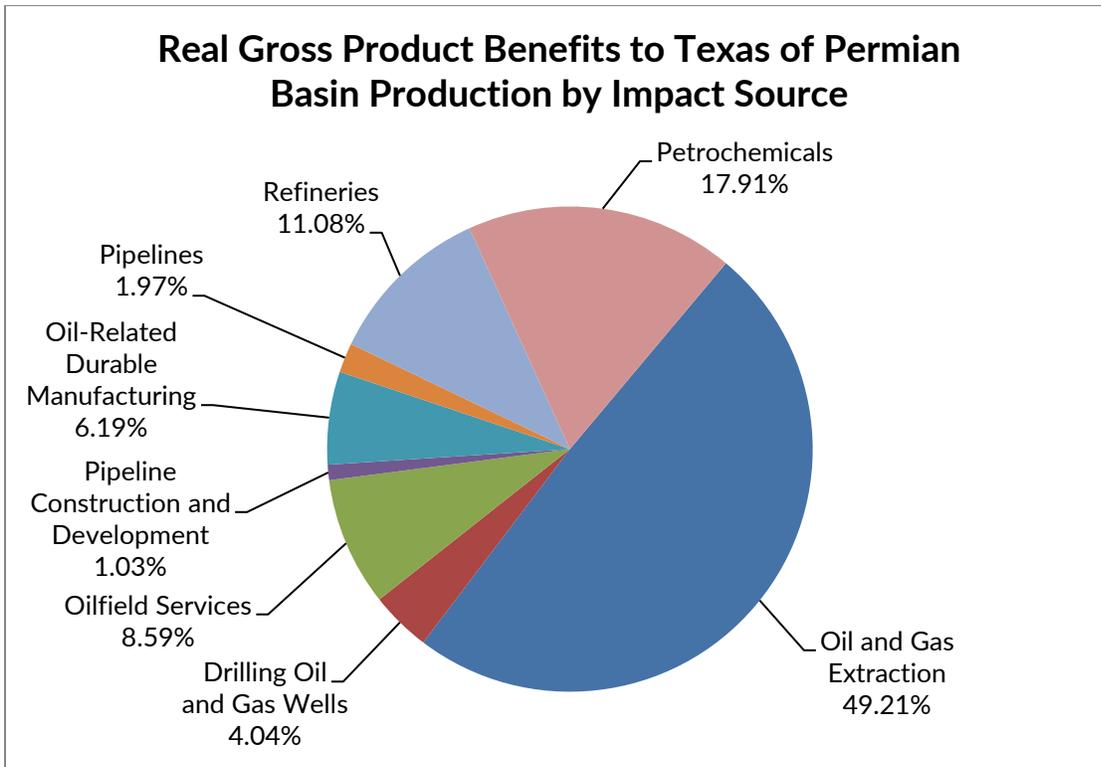
The Annual Impact of Permian Basin Oil Production on the Texas Economy

	Expenditures (Billions of 2020 Dollars)	Gross Product (Billions of 2020 Dollars)	Personal Income (Billions of 2020 Dollars)	Employment (Jobs)
Oil and Gas Extraction	\$237.285 b	\$80.616 b	\$32.011 b	603,414
Drilling Oil and Gas Wells	\$14.633 b	\$6.614 b	\$4.473 b	70,816
Oilfield Services	\$28.665 b	\$14.073 b	\$9.691 b	154,295
Pipeline Construction and Development	\$3.541 b	\$1.680 b	\$1.151 b	18,237
Oil-Related Durable Manufacturing	\$23.464 b	\$10.134 b	\$6.512 b	101,231
Pipelines	\$9.556 b	\$3.221 b	\$2.028 b	48,091
Refineries	\$77.030 b	\$18.148 b	\$10.273 b	158,328
Petrochemicals	\$73.598 b	\$29.333 b	\$16.341 b	229,281
TOTAL	\$467.771 b	\$163.817 b	\$82.480 b	1,383,693

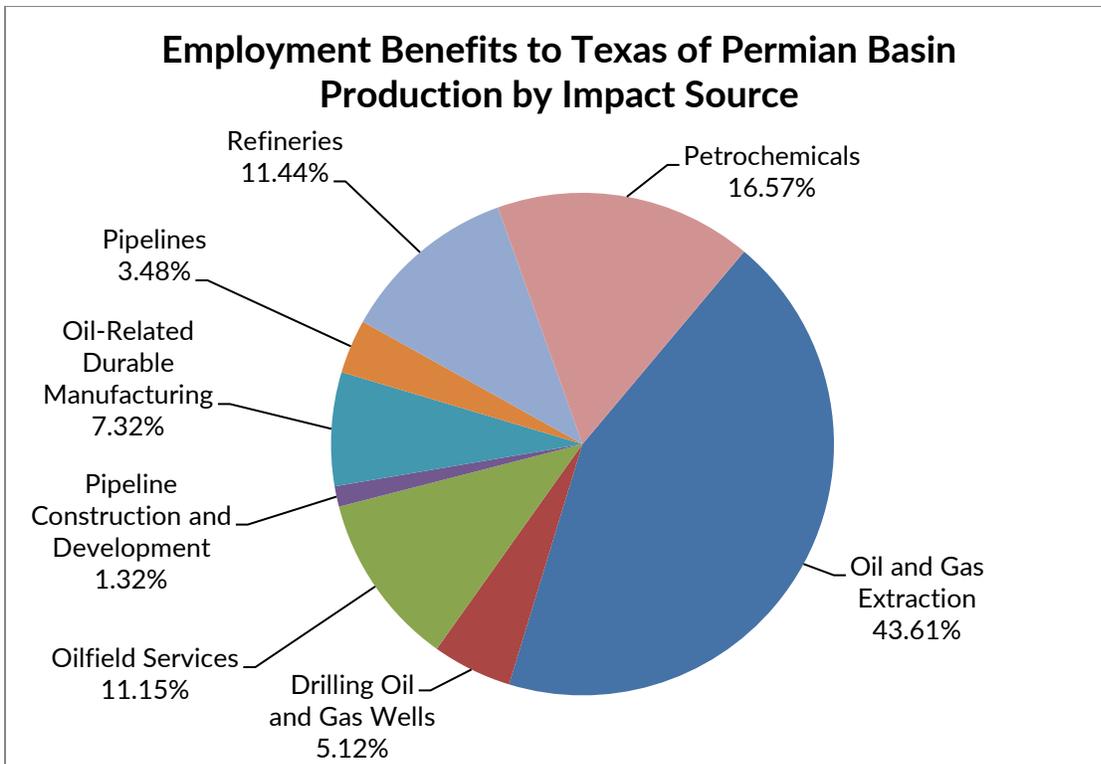
Note: Based on The Perryman Group's estimates of activity by segment of the energy industry and associated multiplier effects in 2019 to provide a snapshot of the importance of the industry based on known information.

Source: The Perryman Group

About 49.2% of the benefits as measured by real gross product are related to oil and gas extraction, with another 17.9% associated with petrochemicals.



The same sectors, oil and gas extraction and petrochemicals, lead to the largest components of the employment benefits associated with the energy sectors.



These effects vary notably depending on the level of oil prices and corresponding production, with Texas gross product benefits associated with Permian Basin production ranging from \$104.0 billion under Very Low price assumptions to \$303.8 billion per year if prices are high. Employment estimates range from 777,190 job-years to 2,269,933 job-year depending on price levels assumed. The estimates below reflect a “typical” future year based on alternative market conditions.

Total Cumulative Impact of Permian Basin Oil Production on the Texas Economy in a “Typical” Year through 2030 Under Various Oil Price Assumptions

	Gross Product (Billions of 2020 Dollars)	Employment (job years)
Baseline Assumptions: 40% Probability (\$55-\$65 per barrel range on average)	\$224.4 b	1,677,058
Low Price Assumptions: 25% Probability (\$45-\$55 per barrel range on average)	\$190.7 b	1,424,992
High Price Assumptions: 30% Probability (above \$70 on average)	\$303.8 b	2,269,933
Very Low Price Assumptions: 5% Probability (\$25-\$35 per barrel range on average)	\$104.0 b	777,190
<p>Note: Based on The Perryman Group's estimates of stabilized production levels through 2030 under various oil price scenarios and the resulting economic impacts. Dollar amounts in constant 2020 dollars to eliminate the effects of inflation. A job-year is equivalent to one person working for one year, though it could be multiple individuals working partial years. Source: The Perryman Group</p>		

Results for other measures of business activity are presented in Appendix B.

United States

The impact of Permian Basin production on the US includes not only effects in Texas, but also spillover to other states. The Perryman Group estimates that under normal

Total US economic benefits of production activity in the Permian Basin are estimated to include almost \$187.2 billion in gross product each year and more than 1.5 million jobs.

market conditions as observed in 2019, the total economic benefits to the United States associated with oil and gas activity in the Permian Basin are estimated to include almost \$187.2 billion in gross

product each year and more than 1.5 million jobs. Effects by industry segment are noted in the following table.

The Annual Impact of Permian Basin Oil Production on the US Economy

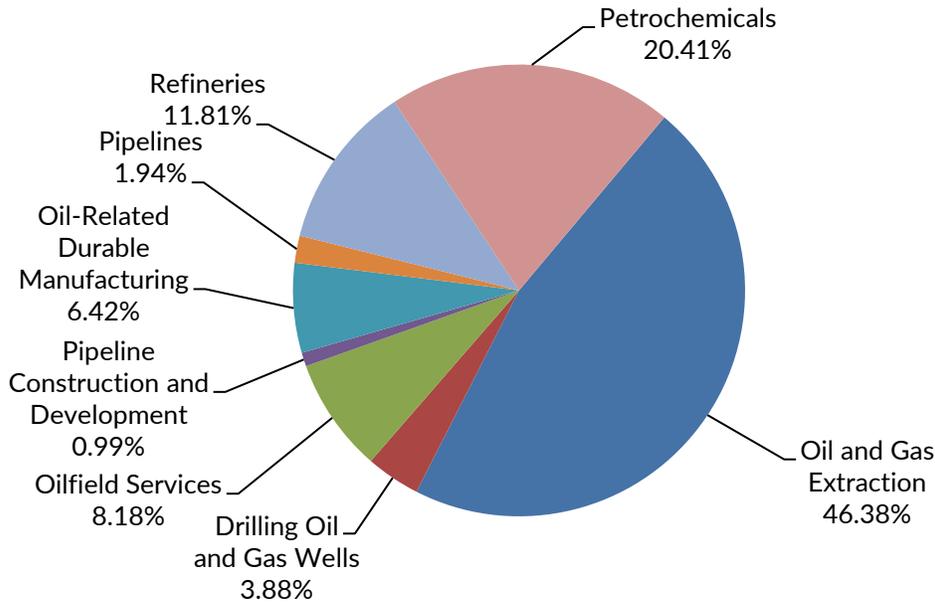
	Expenditures (Billions of 2020 Dollars)	Gross Product (Billions of 2020 Dollars)	Personal Income (Billions of 2020 Dollars)	Employment (Jobs)
Oil and Gas Extraction	\$257.677 b	\$86.810 b	\$35.479 b	655,066
Drilling Oil and Gas Wells	\$16.690 b	\$7.263 b	\$4.849 b	76,417
Oilfield Services	\$32.735 b	\$15.313 b	\$10.389 b	164,937
Pipeline Construction and Development	\$4.057 b	\$1.846 b	\$1.249 b	19,725
Oil-Related Durable Manufacturing	\$28.967 b	\$12.010 b	\$7.699 b	117,369
Pipelines	\$11.066 b	\$3.624 b	\$2.264 b	53,201
Refineries	\$109.491 b	\$22.094 b	\$12.293 b	180,337
Petrochemicals	\$101.607 b	\$38.194 b	\$20.726 b	270,406
TOTAL	\$562.292 b	\$187.154 b	\$94.947 b	1,537,458

Note: Based on The Perryman Group's estimates of activity by segment in the energy sector and associated multiplier effects in 2019 to provide a snapshot of the importance of the industry based on known information.

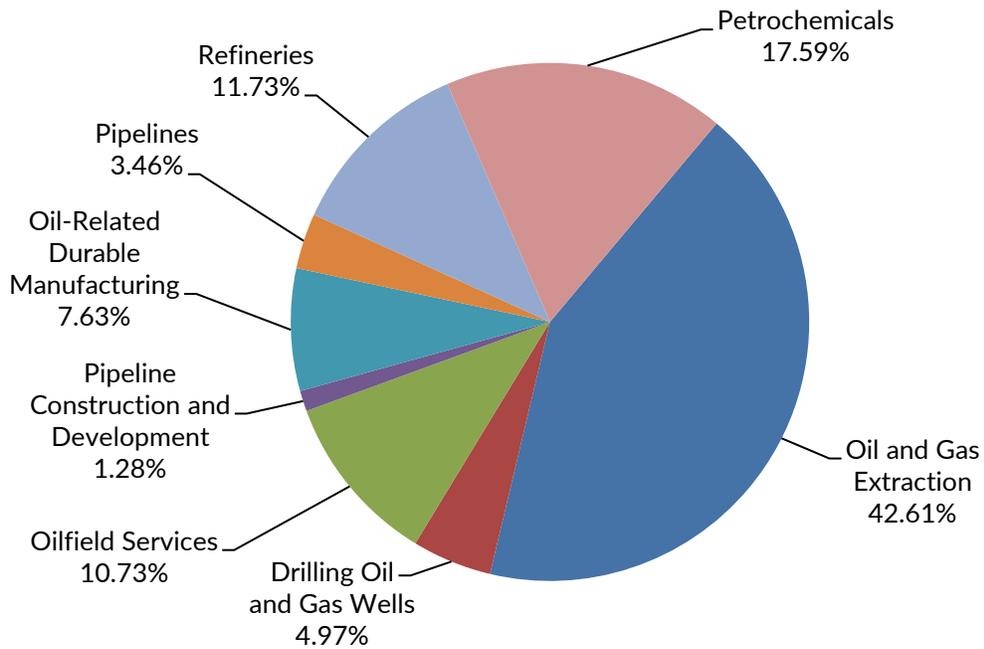
Source: The Perryman Group

Oil and gas extraction and petrochemicals generate the largest components of the economic benefits.

Real Gross Product Benefits to the United States of Permian Basin Production by Impact Source



Employment Benefits to the United States of Permian Basin Production by Impact Source



Depending on the level of oil prices going forward, the total US gross product benefits through 2030 range from \$118.8 billion under Very Low price assumptions to \$347.1 billion per year if the High Price conditions prevail. Employment estimates for the US range from 863,556 job-years to 2,522,183 job-years in a typical year across the various potential market patterns.

Total Cumulative Impact of Permian Basin Oil Production on the US Economy in a “Typical” Year Under Various Oil Price Assumptions

	Gross Product (Billions of 2020 Dollars)	Employment (job years)
Baseline Assumptions: 40% Probability (\$55-\$65 per barrel range on average)	\$256.4 b	1,863,424
Low Price Assumptions: 25% Probability (\$45-\$55 per barrel range on average)	\$217.9 b	1,583,346
High Price Assumptions: 30% Probability (above \$70 on average)	\$347.1 b	2,522,183
Very Low Price Assumptions: 5% Probability (\$25-\$35 per barrel range on average)	\$118.8 b	863,556
Note: Based on The Perryman Group’s estimates of stabilized production levels through 2030 under various oil price scenarios and the resulting economic impacts. Dollar amounts in constant 2020 dollars to eliminate the effects of inflation. A job-year is equivalent to one person working for one year, though it could be multiple individuals working partial years. Source: The Perryman Group		

In essence, these patterns reveal that the positive effects of Permian Basin activity on the national and state economies should expand beyond 2019 levels under any likely oil price patterns.



Permian Basin Energy Security and Balance of Payments Benefits

In addition to the sheer magnitude of the economic benefits described above, oil and gas production in the Permian Basin is also important to achieving major US policy goals, such as energy security and reducing the deficit in the balance of trade.

Energy Security

A further benefit from supporting the Permian Basin through this time is the added strength that Permian Basin production provides for the energy security for the entire United States. Energy security is commonly defined as the ability of US households and businesses to accommodate disruptions in energy markets.¹ The concept of energy security is typically synonymous with the decrease of the United States' dependence on foreign oil, particularly that produced in regions that are politically unstable or have significant interests adverse to the US, though recent focus has also expanded to include gas, electricity, and transportation issues (all of which are heavily impacted by petroleum).² According to the Department of Energy, major avenues for ensuring energy security include developing and protecting domestic access to energy, securing the electric grid, encouraging the development of global markets, and supporting the alliances and partnerships that strengthen energy security.³ Of these approaches, the strategy that is impacted the most by the current energy sector environment is the continued access to energy through domestic oil production.

The issue of lowering dependence on foreign oil is centered on the fact that many of the largest oil companies in the world are state-owned and therefore affected by the policies and agendas of the states that control them. For the US, energy security does not have to mean energy independence in the sense that the US would be completely self-reliant, but rather to be able to consistently produce at high levels

¹ Energy Security in the United States, Congressional Budget Office, May 2012, p. 1.

² Valuation of Energy Security for the United States, Report to Congress, United States Department of Energy, January 2017, p. 2; Energy Security in the United States, Congressional Budget Office, May 2012, p. 1.

³ Valuation of Energy Security for the United States, Report to Congress, United States Department of Energy, January 2017, p. 3-7.

and import from allies and countries that are unlikely to change the terms of their sale of oil and gas based on foreign policy.⁴ Prior to the revolution brought about by new extraction technologies, major new discoveries, and improving cost parameters, it was thought that increasing imports from friendly sources was the primary vehicle to assure energy security (along with conservation). Given recent trends in US production and reserves, however, the US has emerged as the largest global producer. Another important aspect of decreasing dependence on foreign oil is to lower overall consumption of oil through conservation and new technologies as well as increasing domestic production of oil to meet US needs.

In 2018, US field production averaged almost 11.0 MMb/d and have more recently risen to 13.0 MMb/d.⁵ Total 2018 US petroleum production (which includes not only field production, but also renewable fuels and oxygenate plant net production, and refinery processing gain) equaled 17.7 million barrels per day (MMb/d), 86% of the 20.5 MMb/d of domestic consumption, accounting for net imports.⁶ Domestic production increased to 94% of domestic consumption in 2019 while consumption stayed relatively the same.⁷ That same year, the nation imported a total of 9.1 MMb/d in petroleum products, 6.8 MMb/d of which was crude oil, while exporting 8.6 MMb/d.⁸ The share of imports of crude oil and petroleum products from OPEC-member countries has generally decreased since the 1970s and more notably over the past decade.⁹ In 2019, OPEC members only accounted for 18% of US petroleum imports while Canada by far was the nation's largest trading partner at 49%.¹⁰ While

⁴ Energy Security in the United States, Congressional Budget Office, May 2012, p. 1; Valuation of Energy Security for the United States, Report to Congress, United States Department of Energy, January 2017, p. 6.

⁵ March 2020 Monthly Energy Review, March 26, 2020, U.S. Energy Information Administration, p. 59.

⁶ Oil Imports and Exports, U.S. Energy Information Administration, May 29, 2019, <https://www.eia.gov/energyexplained/oil-and-petroleum-products/imports-and-exports.php>.

⁷ March 2020 Monthly Energy Review, March 26, 2020, U.S. Energy Information Administration, p. 59.

⁸ Non-crude imports include hydrocarbon gas liquids, refined petroleum products such as gasoline or diesel fuel, and biofuels, see Frequently Asked Questions: How Much Petroleum Does the United States Import and Export?. U.S. Energy Information Administration, (n.d.),

<https://www.eia.gov/tools/faqs/faq.php?id=727&t=6>; March 2020 Monthly Energy Review, March 26, 2020, U.S. Energy Information Administration, p. 59.

⁹ Oil Imports and Exports, U.S. Energy Information Administration, May 29, 2019, <https://www.eia.gov/energyexplained/oil-and-petroleum-products/imports-and-exports.php>.

¹⁰ U.S. Imports by Country of Origin (Annual- Thousand Barrels per Day), Total Crude Oil and Products, U.S. Energy Information Administration, April 3, 2020,

https://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbbldpd_a.htm.

the nation's second largest trading partner has been Saudi Arabia over the past several years, the US imported more from Mexico in 2019 (7%).¹¹

Overall, the United States' reliance on petroleum imports has decreased over the past two decades. Net imports (imports minus exports) decreased from a peak of 12.5 MMb/d in 2005 to only 2.3 MMb/d in 2018.¹² Net imports further decreased to an all-time low of 594,000 b/d in 2019.¹³ This amount is low because large increases in exports (and domestic production to satisfy more of domestic demand) have offset only modest increases in consumption and imports. Exports of petroleum and other liquids more than doubled from 2014 to 2019, increasing from 4.2 MMb/d to 8.5 MMb/d over the five-year time period.¹⁴ In fact, the vast majority of oil produced in the Permian Basin is exported in either crude or processed form. US production has increased dramatically as the newer technologies of hydraulic fracturing and horizontal drilling have unlocked new deposits of oil and natural gas for the nation. Daily US field production of crude oil more than doubled from 5.4 MMb/d in 2009 to 12.2 MMb/d in 2019.¹⁵ The Permian Basin alone produced well over 4.0 MMb/d in 2019. The following graphic illustrates the historical patterns in production and imports and the remarkable shift that has occurred over the past decade.

¹¹ U.S. Imports by Country of Origin (Annual- Thousand Barrels per Day), Total Crude Oil and Products, U.S. Energy Information Administration, April 3, 2020,

https://www.eia.gov/dnav/pet/pet_move_impcus_a2_nus_ep00_im0_mbbldpd_a.htm.

¹² Oil Imports and Exports, U.S. Energy Information Administration, May 29, 2019,

<https://www.eia.gov/energyexplained/oil-and-petroleum-products/imports-and-exports.php>; U.S. Net Imports of Crude Oil and Petroleum Products (Thousand Barrels per Day), U.S. Energy Information Administration, April 3, 2020,

<https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mtntus2&f=a>.

¹³ U.S. Net Imports of Crude Oil and Petroleum Products (Thousand Barrels per Day), U.S. Energy Information Administration, April 3, 2020,

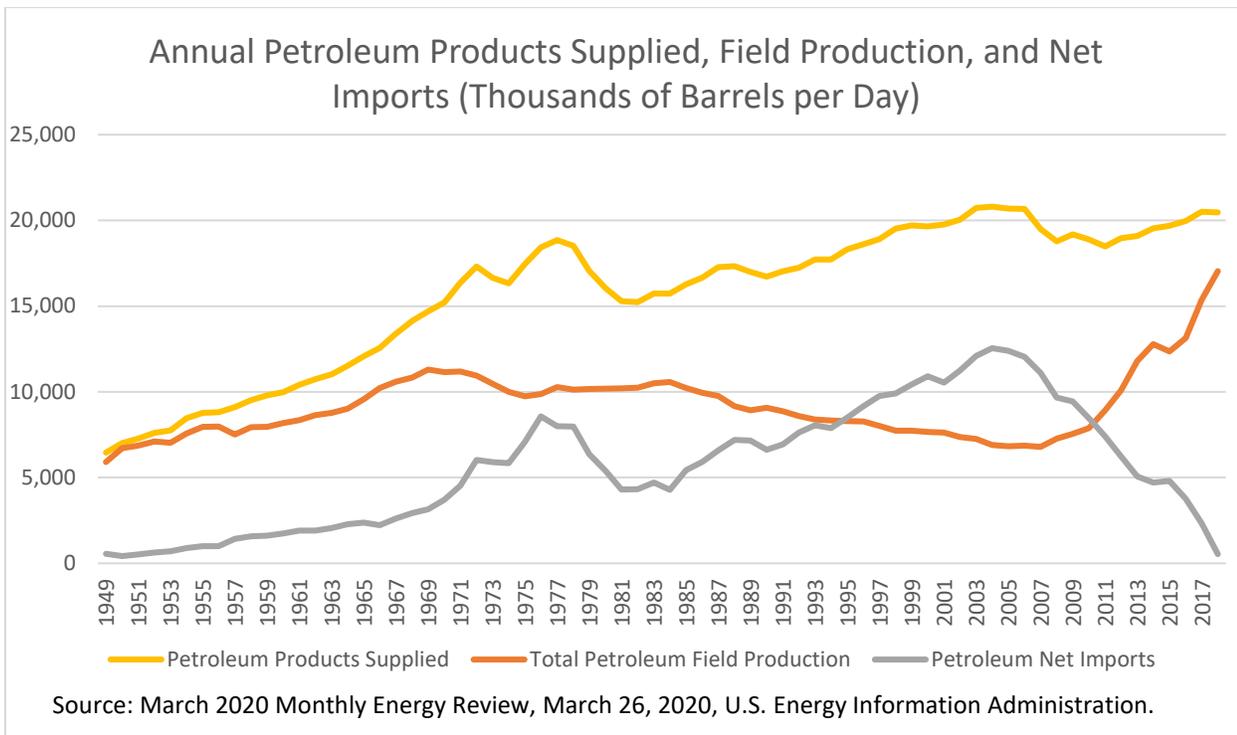
<https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mtntus2&f=a>.

¹⁴ Exports, Petroleum and Other Liquids, U.S. Energy Information Administration, April 3, 2020,

https://www.eia.gov/dnav/pet/pet_move_exp_a_EP00_EEX_mbbldpd_a.htm.

¹⁵ U.S. Field Production of Crude Oil, U.S. Energy Information Administration, April 3, 2020,

<https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mcrfps2&f=a>.



Much of the large increase in domestic production has come from the activity in the Permian Basin. In late 2018, the US became the largest oil producer in the world, overtaking Saudi Arabia and Russia.¹⁶ If Texas were a country, it would be the third largest oil producer by itself.¹⁷ Early in 2019, the Permian Basin alone became the highest producing oil field in the world, overtaking Saudi Arabia’s Ghawar oilfield.¹⁸ As production has increased throughout the Permian Basin, important infrastructure has developed to support the drilling activity. Many small and medium sized drilling and oilfield services companies are an important part of the overall activity in the Permian Basin. Obviously, the current situation puts enormous stress on these firms and, as has occurred in prior market disruptions, consolidation is likely.

¹⁶ Egan, Matt, America is Now the World’s Largest Oil Producer, CNN, September 12, 2018, <https://money.cnn.com/2018/09/12/investing/us-oil-production-russia-saudi-arabia/index.html>.

¹⁷ Egan, Matt, America is Now the World’s Largest Oil Producer, CNN, September 12, 2018, <https://money.cnn.com/2018/09/12/investing/us-oil-production-russia-saudi-arabia/index.html>.

¹⁸ Caldwell, Elizabeth, The Permian Basin is Now the Highest Producing Oilfield in the World, Energy in Depth, April 2, 2019, <https://www.energyindepth.org/the-permian-basin-is-now-the-highest-producing-oilfield-in-the-world/>; Krauss, Clifford, The ‘Monster’ Texas Oil Field That Made the U.S. a Star in the World Market, New York Times, February 3, 2019, <https://www.nytimes.com/2019/02/03/business/energy-environment/texas-permian-field-oil.html?auth=linked-google1tap>.

Balance of Trade Benefits

Protecting the Permian Basin energy sector infrastructure would help to improve the balance of trade by both increasing US exports and decreasing US imports of petroleum products. The Perryman Group estimates that the improvement in the international balance of payments of the United States as of 2019 was \$39.5 billion. These estimates assume displacement of imports and increased exports of petroleum products. This amount is likely to increase over time with increasing US oil production, rising demand for petroleum products in developing nations, and increasing prices over time. The following table presents potential cumulative trade balance improvements through 2030 under various oil price assumptions.

Estimated US Balance of Trade Improvement Cumulatively Through 2030 Under Various Oil Price Scenarios

Baseline Assumptions: 40% Probability (\$55-\$65 per barrel range on average)	\$595.3 billion
Low Price Assumptions: 25% Probability (\$45-\$55 per barrel range on average)	\$505.8 billion
High Price Assumptions: 30% Probability (above \$70 on average)	\$805.7 billion
Very Low Price Assumptions: 5% Probability (\$25-\$35 per barrel range on average)	\$275.9 billion
<p>Note: Based on The Perryman Group's estimates of stabilized production levels through 2030 under various oil price scenarios and the resulting improvement in the US balance of trade. Dollar amounts in constant 2020 dollars to eliminate the effects of inflation. Source: The Perryman Group</p>	

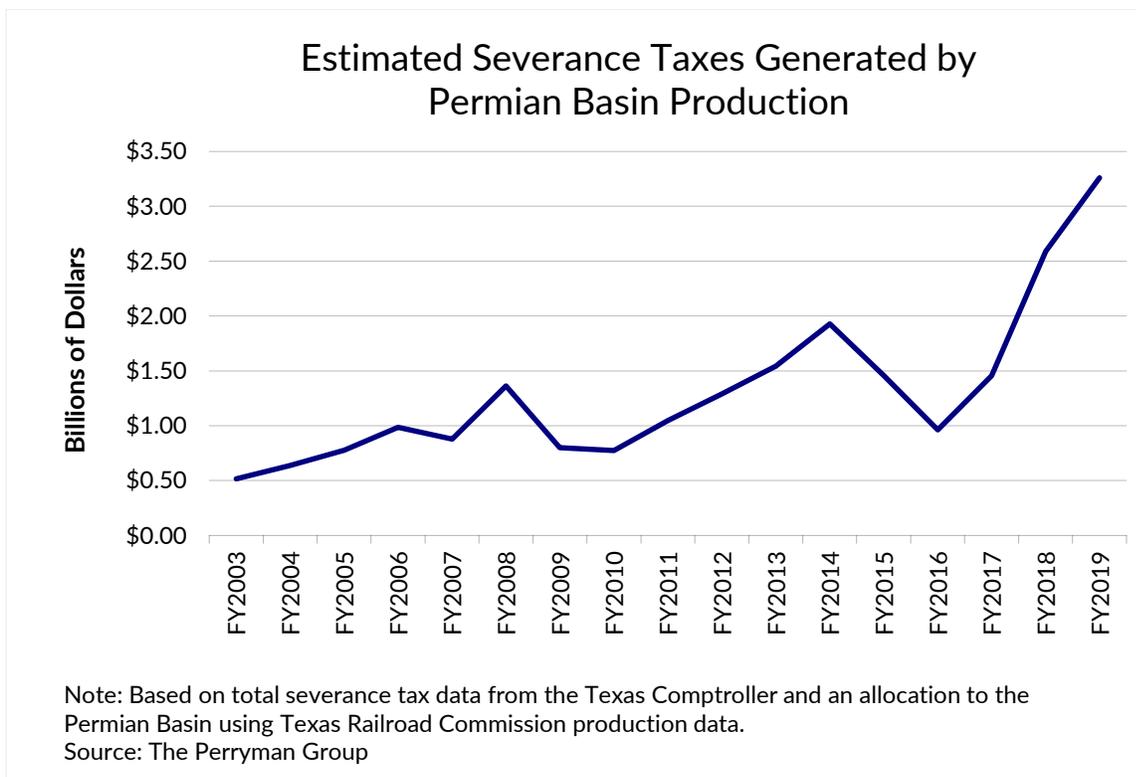
Fiscal Effects

The Permian Basin contributes billions in tax revenue to State and local taxing entities as well as the federal government. The two primary channels of tax benefits are severance taxes paid on production and the increased taxes associated with the total economic benefits measured in the course of this study.

Severance Taxes

Production in the Permian Basin generates billions in tax receipts to the State every year. Moreover, severance taxes have been rising significantly as production has increased.

In fiscal 2019, severance taxes on Permian Basin production reached an estimated \$3.3 billion (based on an allocation of total severance taxes to the region using production data). Over the past 10 fiscal years, production in the Permian Basin has generated an estimated \$16.3 billion in severance taxes to the State of Texas.



The Perryman Group estimated potential severance tax collections through 2030 from Permian Basin production under various price assumptions. If prices generally remain in a \$55-\$65 range on average over the period (which is indicative of the pattern earlier this year prior to COVID-19), severance taxes paid through 2030 on Permian Basin production would total an estimated **\$49.1 billion**. Taxes paid vary notably with average prices (which also affect production patterns), from a low of \$22.8 billion through 2030 assuming very low prices typically in the \$25-\$35 range to \$66.5 billion if prices are generally above \$70 per barrel over the period.

Estimated Severance Tax Collections Through 2030 Under Various Oil Price Scenarios

	Permian Basin Production	Severance Tax Paid on Permian Basin Production
Baseline Assumptions: 40% Probability (\$55-\$65 per barrel range on average)	7.0-7.5 million barrels per day	\$49.1 billion
Low Price Assumptions: 25% Probability (\$45-\$55 per barrel range on average)	6.5-7.0 million barrels per day	\$41.8 billion
High Price Assumptions: 30% Probability (above \$70 on average)	7.5-8.0 million barrels per day	\$66.5 billion
Very Low Price Assumptions: 5% Probability (\$25-\$35 per barrel range on average)	3.3-3.8 million barrels per day	\$22.8 billion

Note: Based on The Perryman Group's estimates of stabilized production levels through 2030 under various oil price scenarios and the resulting severance tax collections. Dollar amounts in constant 2020 dollars to eliminate the effects of inflation.

Source: The Perryman Group

Taxes from Economic Benefits

In addition, business activity generates tax revenue. The economic stimulus associated with the Permian Basin leads to a notable increase in tax receipts to the State and local government entities including cities, counties, schools, and special districts. Taxes are generated based on the increase in economic activity as described in the preceding sections.

For example, the increase in retail sales associated with the economic stimulus measured in this study was quantified (results appear in Appendix B), and a portion of these retail sales are taxable and lead to increased receipts to local taxing entities.

The Perryman Group estimates that total fiscal benefits through 2030 of additional business activity and severance taxes associated with Permian Basin production include \$118.9 million to the State, \$88.2 million to local government entities across Texas, and \$456.0 million to the federal government under baseline oil price assumptions.

Economic benefits also affect demand for housing and commercial real estate and, hence, property tax values. When the total economic effects are considered (such as those measured in this study), the gains in taxes from these sources are significant. The Perryman Group estimated the fiscal benefits to the State of Texas and local taxing entities across the state.

The Perryman Group estimates that total fiscal benefits through 2030 of additional business activity associated with Permian Basin production and severance taxes include **\$118.9 million** to the State, **\$88.2 million** to local government entities across Texas, and **\$456.0 million** to the federal government under baseline oil price assumptions. Results for other price scenarios are presented in the following table.

Total Fiscal Benefits Through 2030 Associated with Permian Basin Oil and Gas Production Under Various Oil Price Scenarios

	State of Texas (Millions of 2020 Dollars)	Local Entities Across Texas (Millions of 2020 Dollars)	Federal (Millions of 2020 Dollars)
Baseline Assumptions: 40% Probability (\$55-\$65 per barrel range on average)	\$118.9	\$88.2	\$456.0
Low Price Assumptions: 25% Probability (\$45-\$55 per barrel range on average)	\$101.0	\$74.9	\$387.5
High Price Assumptions: 30% Probability (above \$70 on average)	\$160.9	\$119.4	\$617.2
Very Low Price Assumptions: 5% Probability (\$25-\$35 per barrel range on average)	\$55.1	\$40.9	\$211.3

Note: Increased tax receipts associated with the total economic benefits measured in this study and severance taxes as described above.

Source: The Perryman Group

Dealing with COVID-19 and Oil Market Issues

Drastic, but necessary, measures to “flatten the curve” and prevent a major spike in COVID-19 infections have involved shutting down much of the economy. The inevitable result has been the loss of millions of jobs and a sudden and unprecedented downturn throughout the country and, indeed, the entire world.

Massive layoffs and talk of double-digit unemployment have led to ubiquitous comparisons to the Great Depression. However, these assertions are simply wrong. Prior to the Great Depression, there were massive structural problems in the economy, and policy responses were less well understood. The current situation emanates from a horrific pandemic, but the economic structure was basically sound as we entered this situation.

Aggressive actions are being taken by the Federal Reserve, the federal government, and states and local areas across the country to help mitigate the economic damage. Assuming the underlying structure remains essentially in place, the downturn, while sharp and painful, will likely be more of a pause than a fundamental change. There will certainly be permanent changes in many aspects of the economy, some of them major, but the overall size and scope of activity should return to essentially its prior path in the coming years.

This phenomenon is particularly relevant to the situation in the Permian Basin. Many are naturally drawing comparisons to the horrific downturn in 1980s. While such discussions are inevitable, they are also misplaced. One major difference is the sheer speed with which it occurred. The prior decline began in early 1982 and did not reach its nadir until a rapid fall in 1986. The current situation unfolded in a matter of weeks. The 1980s debacle occurred in the midst of a savings and loan and real estate crisis that led to massive failures throughout the financial system and took years to repair. It was further complicated by the complex geopolitics involved in ending the Cold War. The pandemic arose as the country was enjoying the longest expansion in history with no major structural dislocations. The 1980s came on the heels of the 1970s embargo and energy crisis which brought major cutbacks in energy usage and sluggish demand. The current situation arose as emerging countries were driving a solid global increase in demand. The 1980s were in the midst of a multi-decade period of declining reserves and production where the sustainable future of the region was in doubt. Today, reserves are expanding, technology is evolving rapidly, production is twice its prior peak, and there are centuries of supply. The near-term situation is dire and unlike anything seen before, but it is a temporary aberration

caused by an unprecedented health issue. It is not the 1980s, and the future prospects remain promising.

US Economic Outlook

The Perryman Group's most recent projections incorporate the potential effects of COVID-19. The US forecast calls for significant losses this year of an estimated 9.8 million jobs and \$1.0 trillion in output (real gross domestic product) relative to 2019. However, a fairly rapid recovery is expected once the worst virus issues have passed, with the addition of a projected 7.3 million jobs in 2021 (a 5.2% gain) and \$973.7 billion in output (5.4% growth). Projections indicate that US employment does not get back to 2019 levels until 2022, with about two to five years required to achieve pre-virus baseline expectation (assuming no additional shutdowns are required).

US Key Economic Indicators

	2020		2021	
Nominal Gross Product (billions of current \$)	-\$776.9 b	-3.69%	+\$1,278.2 b	+6.30%
Real Gross Product (billions of 2012 \$)	-\$1,042.3 b	-5.47%	+\$973.7 b	+5.40%
Personal Income (billions of current \$)	-\$762.8 b	-4.09%	+\$1,241.0 b	+6.93%
Total Employment (millions)	-9.818 m	-6.49%	+7.338 m	+5.19%

Source: The Perryman Group

Not only has economic activity decreased from pre-crisis levels, but the economy will also experience a loss from the future growth that was projected to occur but for the pandemic. Therefore, once the US economy recovers to pre-COVID-19 levels, there will still be a loss from what growth could have been had the trajectory not been interrupted. The Perryman Group estimates that through 2020, the US economy will have lost nearly \$1.5 trillion in real gross product and 12.3 million jobs compared to pre-virus projections for 2020.

Change in 2020 US Economic Outlook Compared to Pre-Virus Projections

Nominal Gross Product (billions of current \$)	-\$1,624.0 b
Real Gross Product (billions of 2012 \$)	-\$1,455.4 b
Personal Income (billions of current \$)	-\$1,682.9 b
Total Employment (millions)	-12.257 m
Source: The Perryman Group	

Texas Economic Outlook

While the entire nation will be deeply impacted by the pandemic, for Texas, the negative effects of COVID-19 have obviously been compounded by turmoil in energy markets as previously described. The Perryman Group's forecast for Texas indicates losses this year of a projected 861,000 jobs (a 6.48% decrease) and \$133.8 billion in output (down 7.6%). On a relative basis, these losses exceed those for the nation as a whole. For 2021, the state is forecast to add almost 685,000 jobs for a 5.51% gain, with an increase in output of \$154.4 billion (9.5% growth). Projections indicate that employment does not get back to 2019 levels until 2022, with about two to five years required to achieve pre-virus baseline expectations (assuming no additional shutdowns are required).

Texas Key Economic Indicators

	2020		2021	
Nominal Gross Product (billions of current \$)	-\$78.6 b	-4.11%	+\$204.3 b	+11.13%
Real Gross Product (billions of 2012 \$)	-\$133.8 b	-7.60%	+\$154.4 b	+9.50%
Wage & Salary Employment	-860,967	-6.48%	+684,793	+5.51%
Source: The Perryman Group				

In terms of how the effects of coronavirus will impact different industries, the largest losses in output are projected to occur in the mining industry (primarily due to falling

oil prices and the resulting dramatic slowdown in oil and gas activity), followed by the manufacturing, retail trade, and accommodation and food services industries. Over 50% of decreases in real gross product (output) are expected to occur in the mining industry, a loss of \$72.7 billion through 2020. Recovery is expected to occur in 2021 in all industries, with mining increasing by \$54.3 billion during 2021 and regaining much, but not all, of the prior activity levels. Proportionally, the increases in output during the recovery in 2021 are projected to be spread across multiple industries, with 35.2% of the growth concentrated in the mining industry, while manufacturing, wholesale trade, and retail trade are estimated to see notable increases and recovery to pre-virus levels.

Projected Change in Texas Real Gross Product (Output) by Industry				
Industry	2020		2021	
Agriculture	-\$799.5 m	-6.51%	+\$583.2 m	+5.08%
Mining	-\$72,719.0 m	-31.03%	+\$54,281.1 m	+33.58%
Utilities	-\$1,904.8 m	-7.34%	+\$1,731.2 m	+7.20%
Construction	-\$2,987.1 m	-3.92%	+\$3,754.3 m	+5.12%
Manufacturing	-\$22,672.5 m	-9.82%	+\$23,977.3 m	+11.51%
Wholesale Trade	-\$6,594.6 m	-4.54%	+\$10,041.2 m	+7.25%
Retail Trade	-\$9,404.7 m	-9.55%	+\$9,572.2 m	+10.75%
Transportation and Warehousing	-\$3,918.5 m	-6.87%	+\$4,525.5 m	+8.51%
Information	-\$5,245.6 m	-7.13%	+\$7,134.9 m	+10.44%
Finance and Insurance	-\$827.5 m	-1.05%	+\$3,855.9 m	+4.95%
Real Estate and Rental/Leasing	-\$1,089.1 m	-0.68%	+\$7,025.7 m	+4.45%
Professional, Scientific, Technical Services	+\$50.4 m	+0.04%	+\$6,687.6 m	+5.45%
Management of Companies	-\$461.7 m	-1.76%	+\$1,705.9 m	+6.63%
Administrative, Support, Waste Management	+\$171.4 m	+0.31%	+\$2,947.7 m	+5.37%
Educational Services	-\$417.3 m	-3.66%	+\$726.1 m	+6.62%
Health Care and Social Assistance	+\$4,770.8 m	+4.57%	+\$2,858.9 m	+2.62%
Arts, Entertainment, and Recreation	-\$2,596.3 m	-23.51%	+\$1,772.0 m	+20.98%
Accommodation and Food Services	-\$8,610.0 m	-19.84%	+\$6,638.9 m	+19.09%
Other Services	-\$2,115.8 m	-6.80%	+\$2,298.0 m	+7.93%
Government and Government Enterprises	+\$3,554.7 m	+2.18%	+\$2,328.2 m	+1.40%
Total	-\$133,816.6 m	-7.60%	+\$154,445.8 m	+9.50%
Source: The US Multi-Regional Econometric Model, The Perryman Group				

In terms of wage and salary employment, the largest losses will occur in the accommodation and food services industry due to general demand decreases associated with social distancing measures; across the state, the industry is expected to lose over 268,000 jobs in 2020, though it will recover nearly 168,000 in 2021. Other large employment declines are projected to occur in retail trade and manufacturing. The health care and social assistance as well as government and government enterprises industries are the only industries projected to increase employment during 2020, which is understandable due to the nature of the coronavirus crisis. Growth will occur in all industries in 2021, though most will require more time to recover to pre-virus employment levels.

Projected Change in Texas Wage & Salary Employment by Industry				
Industry	2020		2021	
Agriculture	-6,076	-7.19%	+3,394	+4.33%
Mining	-88,660	-34.11%	+50,558	+29.52%
Utilities	-4,485	-8.59%	+2,744	+5.75%
Construction	-39,923	-5.02%	+29,609	+3.92%
Manufacturing	-114,996	-12.64%	+64,821	+8.16%
Wholesale Trade	-38,418	-6.29%	+30,399	+5.31%
Retail Trade	-156,548	-11.59%	+99,901	+8.37%
Transportation and Warehousing	-44,621	-8.44%	+32,657	+6.74%
Information	-20,193	-9.91%	+12,504	+6.81%
Finance and Insurance	-17,878	-3.04%	+16,600	+2.91%
Real Estate and Rental/Leasing	-5,587	-2.38%	+6,227	+2.72%
Professional, Scientific, Technical Services	-12,433	-1.53%	+30,559	+3.82%
Management of Companies	-5,322	-3.63%	+6,529	+4.63%
Administrative, Support, Waste Management	-13,658	-1.63%	+27,706	+3.36%
Educational Services	-9,275	-4.70%	+10,330	+5.50%
Health Care and Social Assistance	+50,744	+3.31%	+22,127	+1.40%
Arts, Entertainment, and Recreation	-36,539	-24.13%	+23,034	+20.05%
Accommodation and Food Services	-268,392	-21.32%	+167,737	+16.93%
Other Services	-48,958	-7.53%	+42,918	+7.14%
Government and Government Enterprises	+20,251	+0.97%	+4,437	+0.21%
Total	-860,967	-6.48%	+684,793	+5.51%

Source: The US Multi-Regional Econometric Model, The Perryman Group

In addition to the change from pre-virus economic conditions, Texas will also experience losses from the growth that would have been expected but for the impact from the coronavirus (pre-virus baseline). For example, through 2020, Texas will experience an overall loss of 1.1 million jobs from the level of employed that was forecast prior to the coronavirus crisis. The largest gaps from projected employment levels are expected to be in the accommodation and food services, retail trade, and manufacturing industries. It is important to note that the majority of the positive change in employment expected in the health care and social assistance as well as the government and government enterprises industries through 2020 is from growth that was already projected to occur. The increases are relatively smaller when compared against what growth was already projected, indicating that while the coronavirus did stimulate some additional growth of employment in those industries, the overall gain in employment was largely due to natural growth in those industries that was not hindered due to the circumstances of the pandemic.

Projected 2020 Texas Wage & Salary Employment by Industry Compared to Pre-Virus Projections

Agriculture	-6,441
Mining	-95,959
Utilities	-5,003
Construction	-49,551
Manufacturing	-120,938
Wholesale Trade	-49,604
Retail Trade	-178,945
Transportation and Warehousing	-54,926
Information	-22,614
Finance and Insurance	-24,602
Real Estate and Rental/Leasing	-8,757
Professional, Scientific, Technical Services	-36,701
Management of Companies	-9,191
Administrative, Support, Waste Management	-34,568
Educational Services	-14,956
Health Care and Social Assistance	+3,436
Arts, Entertainment, and Recreation	-41,282
Accommodation and Food Services	-301,917
Other Services	-64,769
Government and Government Enterprises	+5,565
Total	-1,111,724

Source: The US Multi-Regional Econometric Model, The Perryman Group

Permian Basin Economic Outlook

Obviously, the rapid decline in energy demand has magnified the effects of COVID-19 in the Permian Basin. In the midst of the oil market turmoil, unfavorable comparisons to the 1980s oil bust are inevitably being drawn. However, as discussed in detail above, the current situation is completely different. The initial shock is much more severe, yet the path to recovery should be decidedly more rapid.

Notably, the current situation is caused by a health crisis that rapidly shuttered much of the world economy. There were no major structural problems prior to COVID-19, and once the economy can reopen, a substantial portion of global oil consumption should resume quickly. In fact, with the recent OPEC++ agreement and the related effects of bringing fewer wells online in the US and elsewhere, only about half of the lost demand must be restored to facilitate a more orderly market. As a result, the

beginnings of a robust recovery in the oil and gas sector should begin to occur well before the economy gets back to pre-COVID-19 levels.

Recovery of oil prices is particularly critical to the Permian Basin. As the global economy begins to recover from COVID-19 restrictions and travel prohibitions, oil markets can normalize expeditiously. Prices should recover to sustainable levels for West Texas producers (where costs were falling notably for years before the pandemic) in the next several months. The typical “break-even” price in the region has fallen by about 36% in the past five years and that trend will likely continue and even accelerate going forward.

The Perryman Group’s forecast indicates that the Permian Basin region (as measured by the Permian Basin Council of Governments region) will experience losses of \$14.1 billion in output and 35,900 jobs in 2020. Note that these losses are expressed on an annual average basis; the losses in the coming months will be higher, with some recovery occurring later in the year. Not surprisingly, the percentage losses are much higher in this area than in the state or nation as a whole. Although it will likely take additional years to fully recover to pre-virus levels, the region is expected to experience significant growth in 2021. Nominal gross product will recover to pre-virus levels while real gross product will see a sizeable increase of \$10.8 billion in 2012 dollars (24.57% gain). The region will add nearly 23,200 jobs in 2021 (10.43% growth), recovering 64.5% of the jobs lost in the previous year.

Permian Basin Key Economic Indicators

	2020		2021	
Nominal Gross Product (billions of current \$)	-\$10.0 b	-19.07%	+\$10.5 b	+24.79%
Real Gross Product (billions of 2012 \$)	-\$14.1 b	-24.22%	+\$10.8 b	+24.57%
Wage & Salary Employment	-35,902	-13.92%	+23,157	+10.43%

Source: The Perryman Group

In terms of impact by industry, the losses in output will overwhelmingly occur in the mining industry, which is projected to decrease by \$13.1 billion in real gross product in 2020, 93.4% of the drop in total output in the region. Other significant losses are expected to occur in the manufacturing, wholesale trade, and retail trade industries. Through 2021, the mining industry will grow by 40.0% for an \$9.4 billion increase

while many other industries will experience gains to more than offset any declines of the previous year.

Projected Change in the Permian Basin Real Gross Product (Output) by Industry				
Industry	2020		2021	
Agriculture	-\$17.5 m	-6.47%	+\$12.5 m	+4.93%
Mining	-\$13,118.8 m	-35.93%	+\$9,359.0 m	+40.01%
Utilities	-\$39.1 m	-7.39%	+\$35.5 m	+7.24%
Construction	-\$62.6 m	-3.88%	+\$81.6 m	+5.26%
Manufacturing	-\$193.1 m	-8.49%	+\$230.0 m	+11.05%
Wholesale Trade	-\$173.0 m	-4.53%	+\$270.8 m	+7.43%
Retail Trade	-\$167.7 m	-9.54%	+\$173.1 m	+10.89%
Transportation and Warehousing	-\$61.4 m	-6.88%	+\$72.4 m	+8.71%
Information	-\$45.9 m	-6.99%	+\$65.0 m	+10.65%
Finance and Insurance	-\$4.9 m	-0.72%	+\$33.2 m	+4.89%
Real Estate and Rental/Leasing	-\$16.3 m	-0.70%	+\$104.5 m	+4.53%
Professional, Scientific, Technical Services	+\$0.7 m	+0.07%	+\$55.4 m	+5.61%
Management of Companies	+\$2.7 m	+0.63%	+\$23.6 m	+5.37%
Administrative, Support, Waste Management	-\$2.2 m	-0.40%	+\$32.9 m	+5.99%
Educational Services	-\$7.4 m	-13.78%	+\$6.1 m	+13.14%
Health Care and Social Assistance	+\$43.4 m	+4.52%	+\$26.0 m	+2.59%
Arts, Entertainment, and Recreation	-\$44.4 m	-35.08%	+\$27.5 m	+33.51%
Accommodation and Food Services	-\$148.0 m	-19.56%	+\$115.5 m	+18.98%
Other Services	-\$42.3 m	-6.90%	+\$45.6 m	+7.99%
Government and Government Enterprises	+\$44.6 m	+2.03%	+\$30.4 m	+1.35%
Total	-\$14,053.3 m	-24.22%	+\$10,800.5 m	+24.57%
Source: The US Multi-Regional Econometric Model, The Perryman Group				

While much of the decline in output will be overwhelmingly concentrated in the mining industry (losses in other industries will be significantly overshadowed by even larger losses in oil and gas), decreases in employment in 2020 will be slightly more spread across various industries, though 60.4% of the total decrease in jobs will still come from mining with close to 21,700 jobs lost on an annualized basis compared to 2019. The accommodation and food services industry as well as the retail trade

industry are also projected to undergo heavy declines which will only partly be recouped in 2021. Though many industries will recover in terms of output, as shown above, employment will lag behind as the regional economy begins to recover in 2021. The mining industry is expected to grow by 12,200 jobs in 2021 (a 35.7% rate of growth). The accommodation and food services industry is projected to add over 3,000 jobs that year as well (a 16.8% growth rate).

Projected Change in the Permian Basin Wage & Salary Employment by Industry				
Industry	2020		2021	
Agriculture	-224	-7.03%	+128	+4.32%
Mining	-21,675	-38.80%	+12,219	+35.74%
Utilities	-122	-8.64%	+74	+5.79%
Construction	-919	-4.99%	+711	+4.06%
Manufacturing	-1,306	-11.34%	+786	+7.71%
Wholesale Trade	-1,025	-6.28%	+839	+5.49%
Retail Trade	-2,856	-11.58%	+1,854	+8.50%
Transportation and Warehousing	-1,004	-8.45%	+754	+6.93%
Information	-265	-9.71%	+174	+7.08%
Finance and Insurance	-147	-2.72%	+149	+2.84%
Real Estate and Rental/Leasing	-126	-2.40%	+144	+2.80%
Professional, Scientific, Technical Services	-124	-1.50%	+324	+3.97%
Management of Companies	-31	-1.29%	+79	+3.39%
Administrative, Support, Waste Management	-167	-2.32%	+280	+3.97%
Educational Services	-165	-14.71%	+114	+11.96%
Health Care and Social Assistance	+459	+3.26%	+198	+1.37%
Arts, Entertainment, and Recreation	-714	-35.60%	+419	+32.48%
Accommodation and Food Services	-4,805	-21.04%	+3,034	+16.83%
Other Services	-941	-7.62%	+821	+7.20%
Government and Government Enterprises	+254	+0.82%	+52	+0.17%
Total	-35,902	-13.92%	+23,157	+10.43%

Source: The US Multi-Regional Econometric Model, The Perryman Group

Compared to previously forecasted levels for the region prior to the pandemic, overall employment is expected to drop by 41,300 jobs in 2020. Again, while many of

the job losses will come from the mining (oil and gas) industry, there will also be sizeable declines in the accommodation and food services and retail trade industries as general demand falls due to social distancing measures and income disruptions. Again, similar to Texas as a whole, employment gains projected in the health care and social assistance and the government and government enterprises industries are lower when compared to previous growth projections, indicating that a lot of this growth is due to these industries being less likely to be interrupted because of coronavirus and therefore allowing more of the expected growth to occur, rather than being directly stimulated because of the pandemic.

Projected 2020 Permian Basin Wage & Salary Employment by Industry Compared to Pre-Virus Projections

Agriculture	-241
Mining	-23,286
Utilities	-136
Construction	-1,170
Manufacturing	-1,421
Wholesale Trade	-1,351
Retail Trade	-3,296
Transportation and Warehousing	-1,255
Information	-307
Finance and Insurance	-215
Real Estate and Rental/Leasing	-199
Professional, Scientific, Technical Services	-385
Management of Companies	-95
Administrative, Support, Waste Management	-363
Educational Services	-197
Health Care and Social Assistance	+33
Arts, Entertainment, and Recreation	-776
Accommodation and Food Services	-5,435
Other Services	-1,242
Government and Government Enterprises	+73
Total	-41,264

Source: The US Multi-Regional Econometric Model, The Perryman Group

Odessa Economic Outlook

Odessa is a key business hub for oil and gas activity in the Permian Basin and is a major population center for the region. Therefore, Odessa is projected to be impacted in many similar ways as the rest of the Permian Basin and to experience a substantial portion of the region's employment changes. In fact, about 29.0% of the loss in employment projected for the Permian Basin in 2020 is expected to occur in the Odessa MSA.

The forecast for the Odessa metropolitan area calls for significant losses this year of an estimated 10,400 jobs and \$1.5 billion in output (real gross domestic product) on an annualized basis relative to 2019, with substantially higher losses over the next few months. However, some recovery is expected once the worst virus issues have passed and oil markets begin to recover, with the addition of a projected 6,890 jobs in 2021 (a 9.46% gain) and \$1.3 billion in output (15.09% growth).

Odessa MSA Key Economic Indicators				
	2020		2021	
Nominal Gross Product (billions of current \$)	-\$1.3 b	-11.38%	+\$1.8 b	+17.24%
Real Gross Product (billions of 2012 \$)	-\$1.5 b	-14.59%	+\$1.3 b	+15.09%
Wage & Salary Employment	-10,394	-12.48%	+6,889	+9.46%

Source: The Perryman Group

Similar to the entire Permian Basin, the projected losses in output in 2020 are expected to be largely dominated by the decline in the mining industry, with 79.7% of losses stemming from that industry due to the disruptions in the oil and gas sector (and the fact that oil and gas related services and production are industries characterized by high output per worker). Specifically, the mining industry is expected to decrease by \$1.2 billion in 2020, though that decline will be substantially offset by anticipated output growth of \$875 million in 2021. Other notable losses in output in 2020 are projected to occur in the wholesale trade, retail trade, and manufacturing industries. However, those industries should generally recover to pre-virus levels during 2021.

Projected Change in the Odessa MSA Real Gross Product (Output) by Industry

Industry	2020		2021	
Agriculture	+\$0.5 m	-6.21%	-\$0.4 m	+5.15%
Mining	-\$1,217.3 m	-35.04%	+\$875.1 m	+38.78%
Utilities	-\$7.8 m	-7.35%	+\$7.1 m	+7.26%
Construction	-\$26.4 m	-3.94%	+\$33.7 m	+5.23%
Manufacturing	-\$56.4 m	-7.86%	+\$69.8 m	+10.55%
Wholesale Trade	-\$64.2 m	-4.56%	+\$99.5 m	+7.41%
Retail Trade	-\$60.2 m	-9.59%	+\$61.6 m	+10.86%
Transportation and Warehousing	-\$21.8 m	-6.79%	+\$26.2 m	+8.77%
Information	-\$9.9 m	-6.18%	+\$15.9 m	+10.53%
Finance and Insurance	-\$1.2 m	-0.95%	+\$6.3 m	+4.94%
Real Estate and Rental/Leasing	-\$6.0 m	-0.67%	+\$40.2 m	+4.54%
Professional, Scientific, Technical Services	-\$0.9 m	-0.34%	+\$15.1 m	+5.90%
Management of Companies	-\$0.7 m	-1.74%	+\$2.7 m	+6.72%
Administrative, Support, Waste Management	+\$1.3 m	+0.69%	+\$11.0 m	+5.84%
Educational Services	-\$3.1 m	-27.01%	+\$2.0 m	+24.37%
Health Care and Social Assistance	+\$14.3 m	+4.50%	+\$8.6 m	+2.57%
Arts, Entertainment, and Recreation	-\$12.5 m	-42.09%	+\$7.5 m	+43.74%
Accommodation and Food Services	-\$53.2 m	-19.90%	+\$41.2 m	+19.26%
Other Services	-\$14.9 m	-6.26%	+\$16.9 m	+7.57%
Government and Government Enterprises	+\$13.1 m	+2.09%	+\$9.0 m	+1.41%
Total	-\$1,527.3 m	-14.59%	+\$1,348.9 m	+15.09%

Source: The US Multi-Regional Econometric Model, The Perryman Group

Overall, the Odessa MSA is expected to lose 10,400 jobs in 2020, a decrease of 12.48% (for reference, wage and salary employment was 83,300 in 2019). More than half of those losses are projected to be in the mining industry, over 5,200 jobs. Accommodation and food services employment is forecasted to decrease by 1,800 jobs and retail trade by another 1,000 jobs. Again, these values are annual averages, with near-term losses being much greater. Most industries will need more than the following year to recover the lost employment. The exceptions include the professional, scientific, and technical services and administrative, support, and waste management industries which are projected to grow significantly in 2021. Both of these industries also show substantially larger losses when compared to pre-virus employment projections (see table below), indicating these were high growth

industries that will bounce back at a faster pace due to greater demand for these positions in the local economy.

Projected Change in the Odessa MSA Wage & Salary Employment by Industry				
Industry	2020		2021	
Agriculture	-4	-6.89%	+2	+4.40%
Mining	-5,238	-37.95%	+2,960	+34.56%
Utilities	-22	-8.60%	+13	+5.81%
Construction	-383	-5.05%	+290	+4.03%
Manufacturing	-534	-10.74%	+320	+7.22%
Wholesale Trade	-406	-6.31%	+329	+5.47%
Retail Trade	-1,014	-11.63%	+653	+8.48%
Transportation and Warehousing	-366	-8.36%	+281	+6.99%
Information	-86	-8.98%	+60	+6.90%
Finance and Insurance	-45	-2.94%	+43	+2.90%
Real Estate and Rental/Leasing	-48	-2.37%	+56	+2.82%
Professional, Scientific, Technical Services	-44	-1.90%	+96	+4.26%
Management of Companies	-15	-3.61%	+19	+4.71%
Administrative, Support, Waste Management	-33	-1.25%	+98	+3.82%
Educational Services	-64	-27.80%	+38	+23.06%
Health Care and Social Assistance	+161	+3.25%	+69	+1.35%
Arts, Entertainment, and Recreation	-194	-42.56%	+112	+42.63%
Accommodation and Food Services	-1,828	-21.37%	+1,150	+17.11%
Other Services	-309	-6.99%	+279	+6.79%
Government and Government Enterprises	+76	+0.88%	+19	+0.22%
Total	-10,394	-12.48%	+6,889	+9.46%

Source: The US Multi-Regional Econometric Model, The Perryman Group

The additional loss of employment as compared to pre-virus projections show again that there are further interruptions to the local economy beyond the immediate job losses. Instead, the area is missing out on the expected future job growth that would have occurred, but for the pandemic. While job growth in the health care and social assistance and the government and government enterprises industries is projected to

be able to continue unhindered, mining and accommodation and food services will experience additional hundreds of job losses.

Projected 2020 Odessa MSA Wage & Salary Employment by Industry Compared to Pre-Virus Projections

Agriculture	-4
Mining	-5,636
Utilities	-24
Construction	-481
Manufacturing	-580
Wholesale Trade	-532
Retail Trade	-1,165
Transportation and Warehousing	-463
Information	-104
Finance and Insurance	-64
Real Estate and Rental/Leasing	-77
Professional, Scientific, Technical Services	-118
Management of Companies	-27
Administrative, Support, Waste Management	-114
Educational Services	-70
Health Care and Social Assistance	+12
Arts, Entertainment, and Recreation	-209
Accommodation and Food Services	-2,064
Other Services	-415
Government and Government Enterprises	+18
Total	-12,115

Source: The US Multi-Regional Econometric Model, The Perryman Group

While much of this report is appropriately focused on the energy sector in Odessa and the Permian Basin, it is important to note that ongoing efforts to develop the medical infrastructure in the area will continue to be a major priority. It is necessary to continue to emphasize attracting medical workers to the region, not just to meet short-term needs because of COVID-19, but for long-term needs as well. The area is already operating with a shortage of health care and social assistance workers compared to state averages, and the continued projected growth in these industries needs to be met with new workers in order to support the long-term growth in the area.

Responding to COVID-19 and Oil Market Issues

Supporting the structure of the energy sector in the Permian Basin through the current challenges can help ensure that it is in place and ready to resume production growth once the COVID-19 and oil market oversupply conditions are dealt with.

Because of the demand and supply shocks previously described, drilling activity has been severely curtailed in order to cut short-term spending. As the crisis continues, the Permian Basin along with the entire US energy industry will struggle as credit dries up and profits vanish. Small and medium sized businesses will be particularly impacted as they generally have reserves and ability to secure interim capital to aid in weathering the storm. Activity will ramp up once the disruption begins to subside; however, if the smaller drilling and oilfield services companies lack the financial capacity to quickly resume operations, the recovery in the local economy will face

Strategic investments now in the Permian Basin energy industry will aid the economy of the area, the state, and the nation, as well as supporting other policy priorities such as energy security.

additional delays once social distancing is phased out. Some consolidation is inevitable in market downturns and will occur in the current environment. Nonetheless, smaller operations will remain a vital part of the local energy sector.

Because the economy of West Texas and Odessa is heavily impacted by the oil and gas industry, any delays will have widespread implications for the region. However, as noted, production in the Permian Basin supports about 10% of the Texas economy as well as billions in tax revenue to the federal, State, and local governments every year. Strategic investments in the sustainability of the Permian Basin energy industry will aid the economy of the area, the state, and the nation, as well as supporting other policy priorities such as energy security and enhancing the balance of trade.

In addition to federal assistance, many cities, counties, chambers of commerce, economic development corporations and other public and private entities are providing assistance to businesses and individuals to help with the economic challenges due to the shutting down of the economy. Similar actions are worthy of consideration for Odessa and the Permian Basin. The Perryman Group, assisted by TIP Strategies, visited with many of these organizations during the course of this investigation in order to determine the best practices that were occurring around the country.

The Perryman Group's assessment of the situation in Odessa indicates that the following actions should be taken, supported, and/or continued.

- utilize a task force of public-sector and private-sector community and business leaders,
- support grant and loan programs to affected businesses,
- provide assistance to local families,
- establish a clearinghouse for information related to available assistance and utilize available planning resources,
- engage in an information campaign to communicate to the community how the current downturn is different from others such as the 1980s,
- seek to provide universal broadband access throughout the community, and
- engage in a marketing and advocacy campaign to inform State and federal officials and private stakeholders across the country of the importance of the Permian Basin.

Utilize a Task Force of Public-Sector and Private-Sector Community and Business Leaders

Bringing together perspectives on issues from across the public and private sectors can have numerous benefits. In a time of social distancing, some types of entities are overwhelmed with additional demands, while others have resources to share. Dealing with COVID-19 and the oil industry problems will involve several phases, and regular exchange of ideas among individuals across the community can help identify the biggest issues and potential ways to deal with them.

This task force might include, among others, representation from the city, county, the school district, economic development corporation, higher education, nonprofits and churches, oil-industry firms, retail and hospitality firms, and others with perspectives which may add value. While there is a need for rapid action in the short term, the recovery process will be ongoing for months, if not years, to come, and an efficient means of sharing ideas could allow Odessa and the Permian Basin to emerge from this downturn faster and stronger.

A task force of community leaders from various industries and public-sector entities could enhance the exchange of valuable dialogue on problems and solutions. Consolidating ideas and information could help better tailor solutions to the local situation. The group that is currently spearheading Opportunity Odessa, the long-term planning initiative for the community funded by Grow Odessa, represents many

of these constituencies and might well provide an opportunity to jump start the response process.

Even though the most immediate response should appropriately be to deal with the dislocations caused by COVID-19 and the associated fallout in energy markets, it is also important to maintain an awareness of issues which will resurface as the economy recovers. Prior to this downturn, the region was facing workforce shortages, housing issues, educational and infrastructure needs, and other challenges associated with rapid economic expansion. While the picture is drastically different now, it is important not to lose sight of the fact that oil prices will rise again and these problems will resurface. Actions taken now would ideally not only deal with the current disruptions, but also set the stage for future growth in a healthy manner.

Support Grant and Loan Programs for Businesses

A common action taken to support local businesses is offering grants and low-interest loans. Across Texas, economic development corporations and cities are providing relief to small businesses. Some examples include the following.

- The Marble Falls Economic Development Corporation has implemented a COVID-19 Emergency Loan Program which will provide loans based on business receipts to assist with personnel costs, rent, utilities and related expenses.
- The Georgetown Chamber of Commerce and City of Georgetown have established a Covid-19 Small Business Resource Grant program to provide immediate financial relief to small businesses for business expenses such as rent and payroll.
- The Bastrop Economic Development Corporation has established a COVID-19 Relief Grant program to assist local businesses to expand to the size, enterprise and or revenue levels prior to the COVID-19 pandemic with grants to qualifying business.
- The Cedar Park Chamber of Commerce has established the Cedar Park COVID-19 Small Business Assistance Program with grants and loans (zero percent interest if repaid in 24 months) to provide funding for small businesses to cover economic damages from the COVID-19 pandemic including business lease or mortgage payments, utility payments, payroll for employees, and other approved business expenses.
- The Burnett Economic Development Corporation has established three Small Business Financial Assistance Loan Programs. COVID-19 Emergency Loan

Program 1 is intended to provide financial assistance to retail restaurants and businesses. COVID-19 Emergency Loan Program 2 is in addition to Program 1 and permits retail and restaurant businesses who met a local sales tax threshold in 2019 to apply for additional financial assistance. Retailers and restaurants applying under Program 2 are also encouraged to apply under Program 1. COVID-19 Emergency Loan Program 3 is intended to provide financial assistance to retail, restaurant, and service businesses located within the city of Burnett who do not qualify for Programs 1 or 2. Loans have 0% interest with repayments starting in June 2021 and up to 50% could be forgiven based on timely payments and if the business is operating on May 30, 2022.

- The City of Fort Worth has teamed up with PeopleFund to launch the Business Resiliency Microloan Program to provide at least \$850,000 (and potentially up to \$1.7 million if needed) to eligible businesses in Fort Worth impacted by the COVID-19 crisis. Maximum loan amounts per business would be \$50,000 with at least 60% of loan proceeds being allocated to minority-owned businesses and those with low to moderate income. Loans may be used to pay fixed debts, payroll or accounts payable or cover other bills that can't be paid due to the pandemic. Loans will have a 0% interest rate, no payments for the first six months, and a rate of 5% or less after that with amortization terms up to 78 months.
- The Austin Economic Injury Bridge Loan Program provides loans for daily needs like rent, payroll, and debt with a 12-month repayment term and 3.75% interest rate. This program is not designed to be a primary source of assistance to affected businesses and is only available to businesses that have applied for the US Small Business Administration (SBA) Economic Injury Disaster Loan.
- The Dallas City Council has approved \$13.7 million in federally funded rental and mortgage assistance as well as \$5 million from the Coronavirus Aid, Relief and Economic Security (CARES) Act for eligible small businesses. Other funding will go to eligible small businesses from funds Dallas has or will receive from the CARES Act.

For many businesses, the potential for survival is greatly enhanced by funds to help during this crisis. While many of the programs provide relatively small amounts (\$5,000-\$35,000 per business with most being \$15,000 or less), they are designed as supplements to State and federal programs. In the current environment, even modest support can make a notable difference. Given the more urgent situation in Odessa, a more aggressive program should be considered.

Provide Assistance to Local Families

The human cost of the COVID-19 pandemic and oil downturn is multifaceted. From an economic perspective, job losses have been and will continue to be substantial in the near term. Unemployment and the related financial distress are causing issues ranging from difficulty paying utility bills to evictions. Many areas are taking steps to help those struggling due to the crisis, with actions ranging from utility bill relief to rent assistance and eviction delays.

For example, the Austin City Council approved a \$15 million Relief in a State of Emergency (RISE) Fund to support COVID-19 emergency relief for Austin residents. Its focus is to provide immediate assistance to vulnerable, lower-income populations, who may either be ineligible for other forms of State or Federal assistance by partnering with existing social service agencies who have a demonstrated history of success in reaching vulnerable community members. The city council also approved \$10 million in utility bill relief for Austin Water and Austin Energy customers that will be reflected in customer water and electric bills.

Beginning on May 1, Dallas residents will be able to apply for up to \$1,500 per month for up to three months assistance for rent, mortgage, or utility payments. Those in need of longer-term help can apply for up to two years. Eligible residents must have incomes at or below 80% of the area median income. Some of the funds will also be used to assist residents who lost income or have increased expenses such as health care or childcare due to COVID-19. The City also adopted a temporary ordinance protecting renters from evictions if they have been impacted financially by COVID-19. The temporary ordinance gives renters 21 days to respond to a notice of eviction and an additional 60 days to catch up on rent before a landlord can begin eviction proceedings.

Food banks across the nation have been particularly hard pressed, with increasing needs and falling food donations from supermarkets, and the situation has also prevailed in West Texas. Supporting this essential source of nutrition for families in the region improves the quality of life for residents of the area. In addition, food banks reduce the economic costs of hunger and diminish the likelihood that people will leave the area (which would further exacerbate workforce issues as the area begins to recover). Other regional non-profit entities that meet immediate needs will also play a vital role in the recovery process and should be supported.

In the Odessa area, housing costs are causing particular problems. Because housing was in short supply before oil prices began to fall, rental rates in the area were expensive compared to other areas. With job losses and income reductions in Odessa

and the surrounding region, many households are no longer able to afford these escalated rates. The market will eventually make this adjustment naturally as demand falls and rents decline, but many people with current leases are locked into rent levels well above those justified under prevalent conditions and beyond their ability to pay. Addressing this temporary issue could potentially be facilitated by dialogue regarding potential solutions and ways the community could help resolve the problem by a group comprised of owners of housing, apartment owners/managers, renters, and others who are knowledgeable about the situation. Convening such a group to promulgate solutions is an example of the type of initiative that could be implemented by the task force described above. The likely alternative for a significant number of renters in the absence of some sort of assistance could be to simply leave the area or face evictions, which could leave landlords with unoccupied units while exacerbating future workforce shortages as the economy and energy sector recover. As noted above, the City of Dallas has recently established relief measures for renters.

Actions such as these can not only ease the burden on local families but can also help sustain the area workforce during the worst stages of the downturn.

Establish a Clearinghouse for Information Related to Available Assistance and Needs

Although there is support available from a variety of sources, it can be difficult to navigate the process. A clearinghouse for information and assistance with understanding what is available and how to tap resources could be extremely helpful, particularly to small businesses.

Local entities in some areas are providing assistance to businesses and individuals by setting up dedicated hotlines related to recovery where businesses can speak to experts about specific issues. Cities and other local entities are also providing content on their websites or setting up specific websites focused on helping businesses and individuals with anything related to COVID-19. Such efforts in the Odessa area should be supported and expanded as needed.

Another valuable action is to capture any available information related to the major needs of businesses and individuals. There may be issues causing distress which are not readily apparent. A mechanism to collect and synthesize this information could help in determining future actions.

Engage in an Information Campaign for the Local Workforce

A crucial aspect of preserving the structure of the energy sector and, therefore, the Odessa and Permian Basin economies is to maintain the needed workforce. The current downturn is causing tremendous stress, and it is important to communicate to the community how it is different from others such as the 1980s. Workers making decisions about whether to stay in the area or industry may be more likely to stay if they understand that the industry downturn is not projected to drag on as long as some of the prior contractions such as occurred in the 1980s.

Although the precise pattern of the recovery is impossible to predict, the area economy was strong going into the COVID-19 pandemic and there are not major structural issues in the economy to hamper a return to growth once social distancing requirements can be relaxed and the global economy begins to restart. Moreover, production costs in the Permian Basin have been falling dramatically over the past few years, and the price levels needed to sustain the industry in the region have fallen as well.

Prominent psychologist Dan Kahneman received a Nobel Prize for work exploring how our behavior interacts with the economy. He demonstrated that how we present things can greatly affect our attitudes and actions. Focusing on worst case scenarios can, in and of itself, be harmful. In normal times, about 70% of the economy is driven by consumers, and the more negatively they see the current situation, the longer it may take to recover.

Informing people about expectations that the current situation is not another version of the 1980s can be helpful. In particular, those with skills which will be essential to restarting the oil industry may be less likely to disperse with no plan to return if they understand that recovery is expected eventually. Currently unemployed workers are having to make long-term decisions based on available options.

Communicating about the economic outlook as well as any other local employment opportunities that are available in the interim can aid in the decisions to wait out the suspension of drilling activity. The pre-virus local economy typically experienced labor shortages across various industries due to the competition with high paying, oil and gas industry jobs. While some other sectors may come back on line faster or prior to major oil and gas activity, oil and gas workers can fill some of these shortages while waiting on previous employment to restart. For example, there is a substantial skills overlap, and shortages in construction can temporarily be filled by oil and gas

labor and can provide local stimulus while the economy recovers. Facilitating access to the resources of the Permian Basin Workforce Development Board is one effective mechanism to assist in meeting transitional job needs.

Many federal and state agencies and entities are providing not only financial support, but also valuable information. For example, other sources of specific COVID-19 information for cities and other local entities include the Texas Economic Development Council, The Texas Municipal League, the International Economic Development Council (IEDC), and a website Restoreyoureconomy.org managed by IEDC and funded by the US Economic Development Administration. Assuring that local businesses can easily locate and access these resources can be helpful in managing through the current situation.

Though an exact timeline on a recovery is unknown and thus irresponsible to promise, information on the process can help retain workers so that resources are still present when activity comes back online. When coupled with programs to support local workers displaced by the situation, efforts of this nature can help to preserve the local workforce.

Seek to Provide Universal Broadband Access Throughout the Area

In conversations with local civic and education leaders as well as economic development professionals in areas of similar size around the state, it was consistently noted that one of the most important improvements that could be made is to significantly enhance broadband availability. Universal broadband internet access to the extent possible would greatly enhance the ability for remote work and education during periods of time when social distancing may be required. In addition, it would increase efficiency in the workplace once the current situation has passed.

The need is especially acute in smaller and mid-sized metropolitan areas and rural regions, and future economic development could be negatively affected. It is also likely that in the post-COVID-19 environment, there will be greater emphasis on the use of virtual technology in education, corporate activity, and many other areas. Supporting investments in this crucial aspect of infrastructure can enhance recovery and growth potential in many ways.

Get the Word Out

As demonstrated at length in this report, the Permian Basin is highly important to Texas and the US on many levels. In addition to supporting a significant component of the economy (particularly in Texas), production in the region generates substantial tax revenues. Policy goals such as those related to energy security and improvement in the balance of trade are also supported by the Permian Basin.

It is appropriate and, indeed, essential for State and federal government and major private stakeholders around the country to support this vital resource. This report provides the data to build the case regarding the benefits of ensuring the Permian Basin has sufficient resources for needed infrastructure and is otherwise maintained during the COVID-19 period and beyond.

An aggressive, privately funded marketing and advocacy campaign to get the word out could be an important aspect of securing needed support in Austin, in Washington, DC, and among private stakeholders.

Conclusion

The vast oil and natural gas reserves of the Permian Basin are a crucial energy resource for the region, the State, the nation, and the world. Production in the region enhances energy security and improves the US balance of trade.

The Permian Basin oil and gas industry also supports about 10% of the Texas economy when multiplier effects

The Permian Basin oil and gas industry supports about 10% of the Texas economy when multiplier effects are considered and generated about \$7.9 billion in State taxes in 2019 (including severance taxes), with another \$5.9 billion in annual revenues to local taxing entities such as cities, counties, and school districts.

are considered and generated about \$7.9 billion in State taxes in 2019 (including severance taxes), with another \$5.9 billion in annual revenues to local taxing entities such as cities, counties, and school districts. The benefits of the Permian Basin are spread across Texas and beyond, creating jobs and opportunities for millions of

people.

The current situation is threatening this crucial resource. In addition to the COVID-19 challenges faced globally, the turmoil in oil markets is causing substantial harms. Thoughtful efforts to mitigate this damage are critical to preserving the basic structure needed to ensure the region can return to growth in production once the worst virus issues are past and demand for oil and natural gas returns to more reasonable levels. An aggressive and focused response is imperative to both maintain the infrastructure of the local sector and secure the full potential of Odessa and the entire Permian Basin as the epicenter of efforts to meet future global energy needs.

Appendices



Appendix A: Methods Used

US Multi-Regional Impact Assessment System

The US Multi-Regional Impact Assessment (USMRIAS) measures multiplier effects of economic stimuli. The basic modeling technique employed in this study is known as dynamic input-output analysis, which essentially uses extensive survey data, industry information, and a variety of corroborative source materials to create a matrix describing the various goods and services (known as resources or inputs) required to produce one unit (a dollar's worth) of output for a given sector. Once the base information is compiled, it can be mathematically simulated to generate evaluations of the magnitude of successive rounds of activity involved in the overall production process.

There are two essential steps in conducting an input-output analysis once the system is operational. The first major endeavor is to accurately define the levels of direct activity to be evaluated. In this instance, multiple aspects of the energy sector were analyzed to determine related direct spending and employment related specifically to Permian Basin oil production. Input information was compiled by The Perryman Group from public sources and the firm's proprietary resources. Once the direct estimates were quantified, the resulting inputs were used in a simulation of the USMRIAS. The USMRIAS was also used to capture the interactions among sectors for the projections of the short-term outlooks provided in this report based on detailed examination of the likely effects in each of several hundred sectors. Effects of COVID-19 were estimated based on a variety of public and private source materials including, among others, data from sectors that have been particularly affected, information from areas where the pandemic spread earlier (as well as prior pandemics and natural disasters), performance patterns in other economic downturns and recoveries, and historical responses to oil price fluctuations.

Simulations of the input-output system were utilized to measure total overall economic effects of the various aspects of the energy sector. The present study was conducted within the context of the US Multi-Regional Impact Assessment System (USMRIAS) which was developed and is maintained by The Perryman Group. This model has been used in hundreds of diverse applications across the country and has an excellent reputation for accuracy and credibility; it has also been peer reviewed on multiple occasions. The systems used in the current simulations reflect the unique industrial structures of the US, Texas, Permian Basin, and Odessa (Ector County) economies.

The USMRIAS is somewhat similar in format to the Input-Output Model of the United States which is maintained by the US Department of Commerce. The model developed by TPG, however, incorporates several important enhancements and refinements.

Specifically, the expanded system includes (1) comprehensive 500-sector coverage for any county, multi-county, or urban region; (2) calculation of both total expenditures and value-added by industry and region; (3) direct estimation of expenditures for multiple basic input choices (expenditures, output, income, or employment); (4) extensive parameter localization; (5) price adjustments for real and nominal assessments by sectors and areas; (6) measurement of the induced impacts associated with payrolls and consumer spending; (7) embedded modules to estimate multi-sectoral direct spending effects; (8) estimation of retail spending activity by consumers; and (9) comprehensive linkage and integration capabilities with a wide variety of econometric, real estate, occupational, and fiscal impact models.

The impact assessment (input-output) process essentially estimates the amounts of all types of goods and services required to produce one unit (a dollar's worth) of a specific type of output. For purposes of illustrating the nature of the system, it is useful to think of inputs and outputs in dollar (rather than physical) terms. As an example, the construction of a new building will require specific dollar amounts of lumber, glass, concrete, hand tools, architectural services, interior design services, paint, plumbing, and numerous other elements. Each of these suppliers must, in turn, purchase additional dollar amounts of inputs. This process continues through multiple rounds of production, thus generating subsequent increments to business activity. The initial process of building the facility is known as the *direct effect*. The ensuing transactions in the output chain constitute the *indirect effect*.

Another pattern that arises in response to any direct economic activity comes from the payroll dollars received by employees at each stage of the production cycle. As workers are compensated, they use some of their income for taxes, savings, and purchases from external markets. A substantial portion, however, is spent locally on food, clothing, health care services, utilities, housing, recreation, and other items. Typical purchasing patterns in the relevant areas are obtained from the Center for Community and Economic Research *Cost of Living Index*, a privately compiled inter-regional measure which has been widely used for several decades, and the *Consumer Expenditure Survey* of the US Department of Labor. These initial outlays by area residents generate further secondary activity as local providers acquire inputs to meet this consumer demand. These consumer spending impacts are known as the *induced effect*. The USMRIAS is designed to provide realistic, yet conservative, estimates of these phenomena.

Sources for information used in this process include the Bureau of the Census, the Bureau of Labor Statistics, the Regional Economic Information System of the US Department of Commerce, and other public and private sources. The pricing data are compiled from the US Department of Labor and the US Department of Commerce. The verification and testing procedures make use of extensive public and private sources.

Impacts were measured in constant 2020 dollars to eliminate the effects of inflation.

The USMRIAS generates estimates of the effect on several measures of business activity. The most comprehensive measure of economic activity used in this study is **Total Expenditures**. This measure incorporates every dollar that changes hands in any transaction. For example, suppose a farmer sells wheat to a miller for \$0.50; the miller then sells flour to a baker for \$0.75; the baker, in turn, sells bread to a customer for \$1.25. The Total Expenditures recorded in this instance would be \$2.50, that is, $\$0.50 + \$0.75 + \$1.25$. This measure is quite broad but is useful in that (1) it reflects the overall interplay of all industries in the economy, and (2) some key fiscal variables such as sales taxes are linked to aggregate spending.

A second measure of business activity frequently employed in this analysis is that of **Gross Product**. This indicator represents the regional equivalent of Gross Domestic Product, the most commonly reported statistic regarding national economic performance. In other words, the Gross Product of Texas is the amount of US output that is produced in that state; it is defined as the value of all final goods produced in a given region for a specific period of time. Stated differently, it captures the amount of value-added (gross area product) over intermediate goods and services at each stage of the production process, that is, it eliminates the double counting in the Total Expenditures concept. Using the example above, the Gross Product is \$1.25 (the value of the bread) rather than \$2.50. Alternatively, it may be viewed as the sum of the value-added by the farmer, \$0.50; the miller, \$0.25 ($\$0.75 - \0.50); and the baker, \$0.50 ($\$1.25 - \0.75). The total value-added is, therefore, \$1.25, which is equivalent to the final value of the bread. In many industries, the primary component of value-added is the wage and salary payments to employees.

The third gauge of economic activity used in this evaluation is **Personal Income**. As the name implies, Personal Income is simply the income received by individuals, whether in the form of wages, salaries, interest, dividends, proprietors' profits, or other sources. It may thus be viewed as the segment of overall impacts which flows directly to the citizenry.

The fourth measure, **Retail Sales**, represents the component of Total Expenditures which occurs in retail outlets (general merchandise stores, automobile dealers and service stations, building materials stores, food stores, drugstores, restaurants, and so forth). Retail Sales is a commonly used measure of consumer activity.

The final aggregates used are **Jobs and Job-Years**, which reflect the full-time equivalent jobs generated by an activity. For an economic stimulus expected to endure (such as the ongoing operations of a facility), the Jobs measure is used. It should be noted that, unlike the dollar values described above, Jobs is a "stock" rather than a "flow." In other words, if

an area produces \$1 million in output in 2018 and \$1 million in 2019, it is appropriate to say that \$2 million was achieved in the 2018-19 period. If the same area has 100 people working in 2018 and 100 in 2019, it only has 100 Jobs. When a flow of jobs is measured, such as in a construction project or a cumulative assessment over multiple years, it is appropriate to measure employment in Job-Years (a person working for a year, though it could be multiple people working for partial years). This concept is distinct from Jobs, which anticipates that the relevant positions will be maintained on a continuing basis.

US Multi-Regional Econometric Model

Overview

The US Multi-Regional Econometric Model was developed by Dr. M. Ray Perryman, President and CEO of The Perryman Group (TPG), about 40 years ago and has been consistently maintained, expanded, and updated since that time. It is formulated in an internally consistent manner and is designed to permit the integration of relevant global, national, state, and local factors into the projection process. It is the result of four decades of continuing research in econometrics, economic theory, statistical methods, and key policy issues and behavioral patterns, as well as intensive, ongoing study of all aspects of the global, US, Texas, and Texas metropolitan area economies. It is extensively used by scores of federal and State governmental entities on an ongoing basis, as well as hundreds of major corporations. In the present analysis, it was integrated with the USMRIAS described above to measure the projected short-term effects of COVID-19 and the oil downturn on national, state, and local activity by detailed industrial sector.

This section describes the forecasting process in a comprehensive manner, focusing on both the modeling and the supplemental analysis. The overall methodology, while certainly not ensuring perfect foresight, permits an enormous body of relevant information to impact the economic outlook in a systematic manner.

Model Logic and Structure

The Model revolves around a core system which projects output (real and nominal), income (real and nominal), and employment by industry in a simultaneous manner. For purposes of illustration, it is useful to initially consider the employment functions. Essentially, employment within the system is a derived demand relationship obtained from a neo-Classical production function. The expressions are augmented to include dynamic temporal adjustments to changes in relative factor input costs, output and (implicitly) productivity, and technological progress over time. Thus, the typical equation includes output, the relative real cost of labor and capital, dynamic lag structures, and a technological adjustment parameter. The functional form is logarithmic, thus preserving the theoretical consistency with the neo-Classical formulation.

The income segment of the model is divided into wage and non-wage components. The wage equations, like their employment counterparts, are individually estimated at the 3-digit North American Industry Classification System (NAICS) level of aggregation. Hence, income by place of work is measured for approximately 90 production categories. The

wage equations measure real compensation, with the form of the variable structure differing between “basic” and “non-basic.”

The basic industries, comprised primarily of the various components of Mining, Agriculture, and Manufacturing, are export-oriented, i.e., they bring external dollars into the area and form the core of the economy. The production of these sectors typically flows into national and international markets; hence, the labor markets are influenced by conditions in areas beyond the borders of the particular region. Thus, real (inflation-adjusted) wages in the basic industry are expressed as a function of the corresponding national rates, as well as measures of local labor market conditions (the reciprocal of the unemployment rate), dynamic adjustment parameters, and ongoing trends.

The “non-basic” sectors are somewhat different in nature, as the strength of their labor markets is linked to the health of the local export sectors. Consequently, wages in these industries are related to those in the basic segment of the economy. The relationship also includes the local labor market measures contained in the basic wage equations.

Note that compensation rates in the export or “basic” sectors provide a key element of the interaction of the regional economies with national and international market phenomena, while the “non-basic” or local industries are strongly impacted by area production levels. Given the wage and employment equations, multiplicative identities in each industry provide expressions for total compensation; these totals may then be aggregated to determine aggregate wage and salary income. Simple linkage equations are then estimated for the calculation of personal income by place of work.

The non-labor aspects of personal income are modeled at the regional level using straightforward empirical expressions relating to national performance, dynamic responses, and evolving temporal patterns. In some instances (such as dividends, rents, and others) national variables (for example, interest rates) directly enter the forecasting system. These factors have numerous other implicit linkages into the system resulting from their simultaneous interaction with other phenomena in national and international markets which are explicitly included in various expressions.

The output or gross area product expressions are also developed at the 3-digit NAICS level. Regional output for basic industries is linked to national performance in the relevant industries, local and national production in key related sectors, relative area and national labor costs in the industry, dynamic adjustment parameters, and ongoing changes in industrial interrelationships (driven by technological changes in production processes).

Output in the non-basic sectors is modeled as a function of basic production levels, output in related local support industries (if applicable), dynamic temporal adjustments,

and ongoing patterns. The inter-industry linkages are obtained from the input-output (impact assessment) system which is part of the overall integrated modeling structure maintained by The Perryman Group. Note that the dominant component of the econometric system involves the simultaneous estimation and projection of output (real and nominal), income (real and nominal), and employment at a disaggregated industrial level. This process, of necessity, also produces projections of regional price deflators by industry. These values are affected by both national pricing patterns and local cost variations and permit changes in prices to impact other aspects of economic behavior. Income is converted from real to nominal terms using Texas Consumer Price Index, which fluctuates in response to national pricing patterns and unique local phenomena.

Several other components of the model are critical to the forecasting process. The demographic module includes (1) a linkage equation between wage and salary (establishment) employment and household employment, (2) a labor force participation rate function, and (3) a complete population system with endogenous migration. Given household employment, labor force participation (which is a function of economic conditions and evolving patterns of worker preferences), and the working age population, the unemployment rate and level become identities.

The population system uses Census information, fertility rates, and life tables to determine the “natural” changes in population by age group. Migration, the most difficult segment of population dynamics to track, is estimated in relation to relative regional and extra-regional economic conditions over time. Because evolving economic conditions determine migration in the system, population changes are allowed to interact simultaneously with overall economic conditions. Through this process, migration is treated as endogenous to the system, thus allowing population to vary in accordance with relative business performance (particularly employment).

Real retail sales is related to income, interest rates, dynamic adjustments, and patterns in consumer behavior on a store group basis. It is expressed on an inflation-adjusted basis. Inflation at the state level relates to national patterns, indicators of relative economic conditions, and ongoing trends. As noted earlier, prices are endogenous to the system.

A final significant segment of the forecasting system relates to real estate absorption and activity. The short-term demand for various types of property is determined by underlying economic and demographic factors, with short-term adjustments to reflect the current status of the pertinent building cycle. In some instances, this portion of the forecast requires integration with the US Multi-Regional Industry-Occupation System which is maintained by The Perryman Group. This system also allows any employment simulation or forecast from the econometric model to be translated into a highly detailed occupational profile.

The overall US Multi-Regional Econometric Model contains numerous additional specifications, and individual expressions are modified to reflect alternative lag structures, empirical properties of the estimates, simulation requirements, and similar phenomena. Moreover, it is updated on an ongoing basis as new data releases become available. Nonetheless, the above synopsis offers a basic understanding of the overall structure and underlying logic of the system.

Model Simulation and Multi-Regional Structure

The initial phase of the simulation process is the execution of a standard non-linear algorithm for the state system and that of each of the individual sub-areas. The external assumptions are derived from scenarios developed through national and international models and extensive analysis by The Perryman Group.

Once the initial simulations are completed, they are merged into a single system with additive constraints and interregional flows. Using information on minimum regional requirements, import needs, export potential, and locations, it becomes possible to balance the various forecasts into a mathematically consistent set of results. This process is, in effect, a disciplining exercise with regard to the individual regional (including metropolitan and rural) systems. By compelling equilibrium across all regions and sectors, the algorithm ensures that the patterns in state activity are reasonable in light of smaller area dynamics and, conversely, that the regional outlooks are within plausible performance levels for the state as a whole.

The iterative simulation process has the additional property of imposing a global convergence criterion across the entire multi-regional system, with balance being achieved simultaneously on both a sectoral and a geographic basis. This approach is particularly critical on non-linear dynamic systems, as independent simulations of individual systems often yield unstable, non-convergent outcomes.

It should be noted that the underlying data for the modeling and simulation process are frequently updated and revised by the various public and private entities compiling them. Whenever those modifications to the database occur, they bring corresponding changes to the structural parameter estimates of the various systems and the solutions to the simulation and forecasting system. The multi-regional version of the econometric model is re-estimated and simulated with each such data release, thus providing a constantly evolving and current assessment of state and local business activity.

The Final Forecast

The process described above is followed to produce an initial set of projections. Through the comprehensive multi-regional modeling and simulation process, a systematic analysis

is generated which accounts for both historical patterns in economic performance and inter-relationships and best available information on the future course of pertinent external factors. While the best available techniques and data are employed in this effort, they are not capable of directly capturing “street sense,” i.e., the contemporaneous and often non-quantifiable information that can materially affect economic outcomes. In order to provide a comprehensive approach to the prediction of business conditions, it is necessary to compile and assimilate extensive material regarding current events and factors both across the state of Texas and elsewhere.

This critical aspect of the forecasting methodology includes activities such as (1) daily review of hundreds of financial and business publications and electronic information sites; (2) review of major newspapers and online news sources in the state on a daily basis; (3) dozens of hours of direct telephone interviews with key business and political leaders in all parts of the state; (4) face-to-face discussions with representatives of major industry groups; and (5) frequent site visits to the various regions of the state. The insights arising from this “fact finding” are analyzed and evaluated for their effects on the likely course of the future activity.

Another vital information resource stems from the firm’s ongoing interaction with key players in the international, domestic, and state economic scenes. Such activities include visiting with corporate groups on a regular basis and being regularly involved in the policy process at all levels. The firm is also an active participant in many major corporate relocations, economic development initiatives, and regulatory proceedings.

Once organized, this information is carefully assessed and, when appropriate, independently verified. The impact on specific communities and sectors that is distinct from what is captured by the econometric system is then factored into the forecast analysis. For example, the opening or closing of a major facility, particularly in a relatively small area, can cause a sudden change in business performance that will not be accounted for by either a modeling system based on historical relationships or expected (primarily national and international) factors.

The final step in the forecasting process is the integration of this material into the results in a logical and mathematically consistent manner. In some instances, this task is accomplished through “constant adjustment factors” which augment relevant equations. In other cases, anticipated changes in industrial structure or regulatory parameters are initially simulated within the context of the Multi-Regional Impact Assessment System to estimate their ultimate effects by sector. Those findings are then factored into the simulation as constant adjustments on a distributed temporal basis. Once this scenario is formulated, the extended system is again balanced across regions and sectors through an iterative simulation algorithm analogous to that described in the preceding section.

Appendix B: Detailed Results



Impact of the Permian Basin on the Texas Economy

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas –Oil and Gas Extraction				
Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$2.052 b	+\$0.611 b	+\$0.400 b	+5,885
Mining	+\$130.708 b	+\$31.671 b	+\$4.248 b	+113,515
Utilities	+\$7.938 b	+\$1.776 b	+\$0.775 b	+3,139
Construction	+\$0.392 b	+\$0.212 b	+\$0.175 b	+2,291
Manufacturing	+\$21.134 b	+\$6.709 b	+\$3.878 b	+\$53,949
Wholesale Trade	+\$4.953 b	+\$3.347 b	+\$1.930 b	+\$20,481
Retail Trade	+\$17.314 b	+\$12.889 b	+\$7.473 b	+217,090
Transportation and Warehousing	+\$3.752 b	+\$2.455 b	+\$1.623 b	+20,672
Information	+\$2.574 b	+\$1.590 b	+\$0.679 b	+5,684
Financial Activities	+\$29.412 b	+\$9.488 b	+\$2.747 b	+25,604
Business Services	+\$5.633 b	+\$3.303 b	+\$2.695 b	+30,632
Health Services	+\$3.941 b	+\$2.754 b	+\$2.328 b	+35,929
Other Services	+\$7.481 b	+\$3.811 b	+\$3.060 b	+68,544
Total	+\$237.285 b	+\$80.616 b	+\$32.011 b	603,414

Source: US Multi-Regional Impact Assessment System, The Perryman Group
Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas – Drilling Oil and Gas Wells

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.193 b	+\$0.054 b	+\$0.036 b	+525
Mining	+\$4.411 b	+\$1.752 b	+\$1.432 b	+18,578
Utilities	+\$0.569 b	+\$0.128 b	+\$0.056 b	+230
Construction	+\$0.213 b	+\$0.113 b	+\$0.093 b	+1,224
Manufacturing	+\$2.442 b	+\$0.779 b	+\$0.465 b	+6,563
Wholesale Trade	+\$0.578 b	+\$0.391 b	+\$0.226 b	+2,397
Retail Trade	+\$1.649 b	+\$1.237 b	+\$0.719 b	+20,614
Transportation and Warehousing	+\$0.589 b	+\$0.388 b	+\$0.257 b	+3,271
Information	+\$0.252 b	+\$0.155 b	+\$0.066 b	+556
Financial Activities	+\$1.877 b	+\$0.549 b	+\$0.250 b	+2,553
Business Services	+\$0.695 b	+\$0.408 b	+\$0.333 b	+3,788
Health Services	+\$0.393 b	+\$0.275 b	+\$0.232 b	+3,586
Other Services	+\$0.771 b	+\$0.383 b	+\$0.309 b	+6,931
Total	+\$14.633 b	+\$6.614 b	+\$4.473 b	+70,816

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas –Oilfield Services

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.415 b	+\$0.115 b	+\$0.076 b	+1,120
Mining	+\$9.513 b	+\$5.118 b	+\$4.187 b	+54,514
Utilities	+\$1.201 b	+\$0.270 b	+\$0.118 b	+482
Construction	+\$0.418 b	+\$0.231 b	+\$0.190 b	+2,494
Manufacturing	+\$4.658 b	+\$1.485 b	+\$0.847 b	+12,200
Wholesale Trade	+\$1.003 b	+\$0.679 b	+\$0.391 b	+4,150
Retail Trade	+\$3.543 b	+\$2.663 b	+\$1.549 b	+44,272
Transportation and Warehousing	+\$0.765 b	+\$0.506 b	+\$0.335 b	+4,263
Information	+\$0.480 b	+\$0.297 b	+\$0.127 b	+1,060
Financial Activities	+\$3.474 b	+\$0.840 b	+\$0.338 b	+3,316
Business Services	+\$0.830 b	+\$0.491 b	+\$0.401 b	+4,545
Health Services	+\$0.849 b	+\$0.595 b	+\$0.503 b	+7,769
Other Services	+\$1.516 b	+\$0.782 b	+\$0.628 b	+14,110
Total	+\$28.665 b	+\$14.073 b	+\$9.691 b	+154,295

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas – Pipeline Construction and Development

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.050 b	+\$0.014 b	+\$0.010 b	+140
Mining	+\$0.045 b	+\$0.011 b	+\$0.006 b	+35
Utilities	+\$0.141 b	+\$0.032 b	+\$0.014 b	+57
Construction	+\$0.995 b	+\$0.456 b	+\$0.376 b	+4,933
Manufacturing	+\$0.587 b	+\$0.194 b	+\$0.115 b	+1,713
Wholesale Trade	+\$0.133 b	+\$0.090 b	+\$0.052 b	+549
Retail Trade	+\$0.422 b	+\$0.317 b	+\$0.184 b	+5,278
Transportation and Warehousing	+\$0.100 b	+\$0.066 b	+\$0.044 b	+556
Information	+\$0.063 b	+\$0.039 b	+\$0.017 b	+138
Financial Activities	+\$0.422 b	+\$0.105 b	+\$0.043 b	+425
Business Services	+\$0.292 b	+\$0.188 b	+\$0.153 b	+1,744
Health Services	+\$0.101 b	+\$0.070 b	+\$0.060 b	+920
Other Services	+\$0.191 b	+\$0.097 b	+\$0.078 b	+1,750
Total	+\$3.541 b	+\$1.680 b	+\$1.151 b	+18,237

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas – Durable Manufacturing

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.283 b	+\$0.079 b	+\$0.052 b	+766
Mining	+\$0.260 b	+\$0.062 b	+\$0.037 b	+204
Utilities	+\$0.926 b	+\$0.208 b	+\$0.091 b	+367
Construction	+\$0.352 b	+\$0.189 b	+\$0.156 b	+2,048
Manufacturing	+\$12.473 b	+\$4.478 b	+\$2.988 b	+37,868
Wholesale Trade	+\$1.019 b	+\$0.690 b	+\$0.398 b	+4,217
Retail Trade	+\$2.412 b	+\$1.803 b	+\$1.047 b	+30,205
Transportation and Warehousing	+\$0.576 b	+\$0.384 b	+\$0.254 b	+3,234
Information	+\$0.423 b	+\$0.261 b	+\$0.112 b	+936
Financial Activities	+\$2.378 b	+\$0.594 b	+\$0.243 b	+2,374
Business Services	+\$0.757 b	+\$0.454 b	+\$0.371 b	+4,216
Health Services	+\$0.566 b	+\$0.397 b	+\$0.335 b	+5,181
Other Services	+\$1.038 b	+\$0.534 b	+\$0.429 b	+9,616
Total	+\$23.464 b	+\$10.134 b	+\$6.512 b	+101,231

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas – Pipeline Operations

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.090 b	+\$0.026 b	+\$0.017 b	+393
Mining	+\$0.225 b	+\$0.053 b	+\$0.030 b	+243
Utilities	+\$0.781 b	+\$0.182 b	+\$0.079 b	+535
Construction	+\$0.417 b	+\$0.210 b	+\$0.173 b	+3,438
Manufacturing	+\$0.940 b	+\$0.290 b	+\$0.165 b	+3,828
Wholesale Trade	+\$0.220 b	+\$0.149 b	+\$0.086 b	+1,440
Retail Trade	+\$0.777 b	+\$0.584 b	+\$0.339 b	+14,554
Transportation and Warehousing	+\$4.365 b	+\$0.969 b	+\$0.641 b	+12,188
Information	+\$0.123 b	+\$0.076 b	+\$0.032 b	+415
Financial Activities	+\$0.850 b	+\$0.236 b	+\$0.100 b	+1,528
Business Services	+\$0.232 b	+\$0.141 b	+\$0.115 b	+2,042
Health Services	+\$0.179 b	+\$0.125 b	+\$0.106 b	+2,475
Other Services	+\$0.357 b	+\$0.180 b	+\$0.144 b	+5,012
Total	+\$9.556 b	+\$3.221 b	+\$2.028 b	+48,091

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas – Refinery Operations

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.586 b	+\$0.175 b	+\$0.114 b	+1,678
Mining	+\$0.855 b	+\$0.217 b	+\$0.125 b	+784
Utilities	+\$3.486 b	+\$0.731 b	+\$0.319 b	+1,294
Construction	+\$0.011 b	+\$0.005 b	+\$0.003 b	+27
Manufacturing	+\$50.139 b	+\$5.383 b	+\$2.726 b	+26,941
Wholesale Trade	+\$1.875 b	+\$1.267 b	+\$0.731 b	+7,754
Retail Trade	+\$4.912 b	+\$3.648 b	+\$2.115 b	+61,392
Transportation and Warehousing	+\$2.586 b	+\$1.205 b	+\$0.797 b	+10,152
Information	+\$0.866 b	+\$0.536 b	+\$0.229 b	+1,916
Financial Activities	+\$6.639 b	+\$2.042 b	+\$0.707 b	+6,692
Business Services	+\$1.826 b	+\$1.070 b	+\$0.873 b	+9,926
Health Services	+\$1.108 b	+\$0.777 b	+\$0.657 b	+10,133
Other Services	+\$2.141 b	+\$1.090 b	+\$0.876 b	+19,639
Total	+\$77.030 b	+\$18.148 b	+\$10.273 b	+158,328

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas – Petrochemical Operations

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.881 b	+\$0.263 b	+\$0.175 b	+2,581
Mining	+\$0.791 b	+\$0.256 b	+\$0.178 b	+1,523
Utilities	+\$4.838 b	+\$1.040 b	+\$0.454 b	+1,846
Construction	+\$0.007 b	+\$0.003 b	+\$0.002 b	+17
Manufacturing	+\$40.930 b	+\$13.162 b	+\$6.427 b	+55,117
Wholesale Trade	+\$2.699 b	+\$1.827 b	+\$1.053 b	+11,179
Retail Trade	+\$6.509 b	+\$4.845 b	+\$2.810 b	+81,443
Transportation and Warehousing	+\$2.587 b	+\$1.648 b	+\$1.090 b	+13,878
Information	+\$1.024 b	+\$0.632 b	+\$0.270 b	+2,258
Financial Activities	+\$6.675 b	+\$1.757 b	+\$0.690 b	+6,701
Business Services	+\$2.356 b	+\$1.411 b	+\$1.151 b	+13,081
Health Services	+\$1.486 b	+\$1.040 b	+\$0.879 b	+13,579
Other Services	+\$2.815 b	+\$1.450 b	+\$1.161 b	+26,078
Total	+\$73.598 b	+\$29.333 b	+\$16.341 b	+229,281

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas - Composite

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$4.550 b	+\$1.337 b	+\$0.880 b	+13,088
Mining	+\$146.807 b	+\$39.140 b	+\$10.243 b	+189,396
Utilities	+\$19.881 b	+\$4.366 b	+\$1.905 b	+7,949
Construction	+\$2.805 b	+\$1.420 b	+\$1.169 b	+16,473
Manufacturing	+\$133.303 b	+\$32.481 b	+\$17.611 b	+198,178
Wholesale Trade	+\$12.480 b	+\$8.439 b	+\$4.866 b	+52,166
Retail Trade	+\$37.540 b	+\$27.985 b	+\$16.237 b	+474,847
Transportation and Warehousing	+\$15.320 b	+\$7.622 b	+\$5.041 b	+68,214
Information	+\$5.805 b	+\$3.586 b	+\$1.531 b	+12,963
Financial Activities	+\$51.726 b	+\$15.612 b	+\$5.120 b	+49,194
Business Services	+\$12.621 b	+\$7.467 b	+\$6.091 b	+69,973
Health Services	+\$8.623 b	+\$6.032 b	+\$5.101 b	+79,570
Other Services	+\$16.310 b	+\$8.329 b	+\$6.685 b	+151,681
Total	+\$467.771 b	+\$163.817 b	+\$82.480 b	+1,383,693

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

Impact of the Permian Basin on the US Economy

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States –Oil and Gas Extraction				
Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$2.367 b	+\$0.723 b	+\$0.466 b	+6,835
Mining	+\$130.790 b	+\$31.696 b	+\$4.273 b	+113,680
Utilities	+\$10.368 b	+\$2.320 b	+\$1.012 b	+4,100
Construction	+\$0.413 b	+\$0.223 b	+\$0.184 b	+2,412
Manufacturing	+\$36.149 b	+\$10.656 b	+\$5.991 b	+84,408
Wholesale Trade	+\$5.101 b	+\$3.447 b	+\$1.988 b	+21,093
Retail Trade	+\$17.943 b	+\$13.344 b	+\$7.734 b	+225,026
Transportation and Warehousing	+\$4.188 b	+\$2.740 b	+\$1.812 b	+23,074
Information	+\$2.700 b	+\$1.668 b	+\$0.712 b	+5,962
Financial Activities	+\$29.807 b	+\$9.715 b	+\$2.881 b	+26,885
Business Services	+\$5.836 b	+\$3.422 b	+\$2.792 b	+31,734
Health Services	+\$4.014 b	+\$2.805 b	+\$2.372 b	+36,598
Other Services	+\$8.000 b	+\$4.052 b	+\$3.264 b	+73,260
Total	+\$257.677 b	+\$86.810 b	+\$35.479 b	+655,066

Source: US Multi-Regional Impact Assessment System, The Perryman Group
Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States –Drilling Oil and Gas Wells

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.223 b	+\$0.063 b	+\$0.041 b	+605
Mining	+\$4.421 b	+\$1.755 b	+\$1.434 b	+18,596
Utilities	+\$0.744 b	+\$0.168 b	+\$0.073 b	+301
Construction	+\$0.224 b	+\$0.119 b	+\$0.098 b	+1,289
Manufacturing	+\$3.983 b	+\$1.192 b	+\$0.692 b	+9,855
Wholesale Trade	+\$0.596 b	+\$0.403 b	+\$0.232 b	+2,468
Retail Trade	+\$1.708 b	+\$1.280 b	+\$0.744 b	+21,359
Transportation and Warehousing	+\$0.657 b	+\$0.433 b	+\$0.287 b	+3,651
Information	+\$0.264 b	+\$0.163 b	+\$0.069 b	+583
Financial Activities	+\$1.923 b	+\$0.576 b	+\$0.266 b	+2,715
Business Services	+\$0.721 b	+\$0.423 b	+\$0.345 b	+3,925
Health Services	+\$0.400 b	+\$0.280 b	+\$0.237 b	+3,653
Other Services	+\$0.826 b	+\$0.408 b	+\$0.330 b	+7,416
Total	+\$16.690 b	+\$7.263 b	+\$4.849 b	+76,417

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States –Oilfield Services

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.479 b	+\$0.134 b	+\$0.088 b	+1,291
Mining	+\$9.531 b	+\$5.125 b	+\$4.193 b	+54,551
Utilities	+\$1.569 b	+\$0.353 b	+\$0.154 b	+629
Construction	+\$0.440 b	+\$0.243 b	+\$0.200 b	+2,625
Manufacturing	+\$7.772 b	+\$2.304 b	+\$1.285 b	+18,607
Wholesale Trade	+\$1.033 b	+\$0.699 b	+\$0.403 b	+4,274
Retail Trade	+\$3.670 b	+\$2.756 b	+\$1.602 b	+45,870
Transportation and Warehousing	+\$0.854 b	+\$0.565 b	+\$0.373 b	+4,759
Information	+\$0.503 b	+\$0.311 b	+\$0.133 b	+1,112
Financial Activities	+\$3.539 b	+\$0.877 b	+\$0.360 b	+3,527
Business Services	+\$0.859 b	+\$0.509 b	+\$0.415 b	+4,708
Health Services	+\$0.865 b	+\$0.606 b	+\$0.513 b	+7,914
Other Services	+\$1.619 b	+\$0.831 b	+\$0.669 b	+15,070
Total	+\$32.735 b	+\$15.313 b	+\$10.389 b	+164,937

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States – Pipeline Construction and Development

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.058 b	+\$0.017 b	+\$0.011 b	+162
Mining	+\$0.047 b	+\$0.011 b	+\$0.007 b	+38
Utilities	+\$0.184 b	+\$0.042 b	+\$0.018 b	+74
Construction	+\$1.011 b	+\$0.463 b	+\$0.382 b	+5,013
Manufacturing	+\$0.966 b	+\$0.298 b	+\$0.172 b	+2,573
Wholesale Trade	+\$0.136 b	+\$0.092 b	+\$0.053 b	+565
Retail Trade	+\$0.437 b	+\$0.328 b	+\$0.191 b	+5,469
Transportation and Warehousing	+\$0.112 b	+\$0.074 b	+\$0.049 b	+621
Information	+\$0.066 b	+\$0.041 b	+\$0.017 b	+145
Financial Activities	+\$0.430 b	+\$0.110 b	+\$0.046 b	+453
Business Services	+\$0.302 b	+\$0.195 b	+\$0.159 b	+1,806
Health Services	+\$0.102 b	+\$0.072 b	+\$0.061 b	+937
Other Services	+\$0.204 b	+\$0.103 b	+\$0.083 b	+1,870
Total	+\$4.057 b	+\$1.846 b	+\$1.249 b	+19,725

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States – Durable Manufacturing

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.327 b	+\$0.093 b	+\$0.061 b	+885
Mining	+\$0.273 b	+\$0.066 b	+\$0.040 b	+228
Utilities	+\$1.209 b	+\$0.271 b	+\$0.118 b	+479
Construction	+\$0.370 b	+\$0.199 b	+\$0.164 b	+2,156
Manufacturing	+\$17.257 b	+\$6.037 b	+\$3.980 b	+50,940
Wholesale Trade	+\$1.049 b	+\$0.710 b	+\$0.409 b	+4,343
Retail Trade	+\$2.500 b	+\$1.866 b	+\$1.083 b	+31,303
Transportation and Warehousing	+\$0.643 b	+\$0.429 b	+\$0.284 b	+3,610
Information	+\$0.444 b	+\$0.274 b	+\$0.117 b	+981
Financial Activities	+\$2.426 b	+\$0.621 b	+\$0.259 b	+2,528
Business Services	+\$0.784 b	+\$0.471 b	+\$0.384 b	+4,368
Health Services	+\$0.577 b	+\$0.404 b	+\$0.342 b	+5,277
Other Services	+\$1.109 b	+\$0.567 b	+\$0.457 b	+10,271
Total	+\$28.967 b	+\$12.010 b	+\$7.699 b	+117,369

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States – Pipeline Operations

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.103 b	+\$0.031 b	+\$0.020 b	+454
Mining	+\$0.233 b	+\$0.055 b	+\$0.033 b	+270
Utilities	+\$1.020 b	+\$0.237 b	+\$0.103 b	+699
Construction	+\$0.439 b	+\$0.221 b	+\$0.182 b	+3,620
Manufacturing	+\$1.563 b	+\$0.448 b	+\$0.249 b	+5,934
Wholesale Trade	+\$0.227 b	+\$0.154 b	+\$0.089 b	+1,484
Retail Trade	+\$0.805 b	+\$0.604 b	+\$0.351 b	+15,081
Transportation and Warehousing	+\$4.872 b	+\$1.082 b	+\$0.715 b	+13,604
Information	+\$0.129 b	+\$0.080 b	+\$0.034 b	+435
Financial Activities	+\$0.870 b	+\$0.248 b	+\$0.106 b	+1,632
Business Services	+\$0.241 b	+\$0.146 b	+\$0.119 b	+2,115
Health Services	+\$0.182 b	+\$0.127 b	+\$0.108 b	+2,521
Other Services	+\$0.381 b	+\$0.192 b	+\$0.154 b	+5,352
Total	+\$11.066 b	+\$3.624 b	+\$2.264 b	+53,201

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States – Refinery Operations

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$0.677 b	+\$0.207 b	+\$0.133 b	+1,952
Mining	+\$0.885 b	+\$0.226 b	+\$0.133 b	+839
Utilities	+\$4.554 b	+\$0.954 b	+\$0.417 b	+1,691
Construction	+\$0.012 b	+\$0.005 b	+\$0.004 b	+28
Manufacturing	+\$80.475 b	+\$8.538 b	+\$4.276 b	+42,169
Wholesale Trade	+\$1.931 b	+\$1.305 b	+\$0.753 b	+7,986
Retail Trade	+\$5.090 b	+\$3.776 b	+\$2.189 b	+63,634
Transportation and Warehousing	+\$2.886 b	+\$1.346 b	+\$0.890 b	+11,332
Information	+\$0.908 b	+\$0.563 b	+\$0.240 b	+2,010
Financial Activities	+\$6.763 b	+\$2.114 b	+\$0.750 b	+7,093
Business Services	+\$1.892 b	+\$1.109 b	+\$0.905 b	+10,283
Health Services	+\$1.129 b	+\$0.791 b	+\$0.669 b	+10,322
Other Services	+\$2.290 b	+\$1.160 b	+\$0.935 b	+20,998
Total	+\$109.491 b	+\$22.094 b	+\$12.293 b	+180,337

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States – Petrochemical Operations

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$1.016 b	+\$0.308 b	+\$0.203 b	+2,979
Mining	+\$0.893 b	+\$0.288 b	+\$0.204 b	+1,729
Utilities	+\$6.319 b	+\$1.358 b	+\$0.593 b	+2,411
Construction	+\$0.007 b	+\$0.003 b	+\$0.002 b	+18
Manufacturing	+\$66.117 b	+\$20.945 b	+\$10.171 b	+87,122
Wholesale Trade	+\$2.779 b	+\$1.881 b	+\$1.085 b	+11,514
Retail Trade	+\$6.745 b	+\$5.015 b	+\$2.908 b	+84,415
Transportation and Warehousing	+\$2.888 b	+\$1.840 b	+\$1.217 b	+15,492
Information	+\$1.075 b	+\$0.663 b	+\$0.283 b	+2,369
Financial Activities	+\$6.807 b	+\$1.832 b	+\$0.734 b	+7,126
Business Services	+\$2.441 b	+\$1.461 b	+\$1.192 b	+13,552
Health Services	+\$1.514 b	+\$1.060 b	+\$0.896 b	+13,832
Other Services	+\$3.007 b	+\$1.540 b	+\$1.238 b	+27,849
Total	+\$101.607 b	+\$38.194 b	+\$20.726 b	+270,406

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States - Composite

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$5.249 b	+\$1.576 b	+\$1.024 b	+15,163
Mining	+\$147.073 b	+\$39.223 b	+\$10.318 b	+189,931
Utilities	+\$25.967 b	+\$5.703 b	+\$2.489 b	+10,383
Construction	+\$2.916 b	+\$1.478 b	+\$1.217 b	+17,160
Manufacturing	+\$214.283 b	+\$50.417 b	+\$26.817 b	+301,608
Wholesale Trade	+\$12.853 b	+\$8.692 b	+\$5.012 b	+53,727
Retail Trade	+\$38.899 b	+\$28.969 b	+\$16.802 b	+492,157
Transportation and Warehousing	+\$17.101 b	+\$8.508 b	+\$5.627 b	+76,143
Information	+\$6.089 b	+\$3.762 b	+\$1.606 b	+13,598
Financial Activities	+\$52.565 b	+\$16.092 b	+\$5.402 b	+51,959
Business Services	+\$13.075 b	+\$7.736 b	+\$6.311 b	+72,491
Health Services	+\$8.784 b	+\$6.145 b	+\$5.196 b	+81,053
Other Services	+\$17.436 b	+\$8.853 b	+\$7.129 b	+162,085
Total	+\$562.292 b	+\$187.154 b	+\$94.947 b	+1,537,458

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

Cumulative Impact of the Permian Basin on the Texas and US Economies Through 2030 Under Varying Oil Price Scenarios

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas - Composite: Baseline Scenario 40% Probability; \$55-\$65 per Barrel Range on Average

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$6.234 b	+\$1.832 b	+\$1.206 b	+15,863
Mining	+\$201.141 b	+\$53.626 b	+\$14.034 b	+229,551
Utilities	+\$27.239 b	+\$5.982 b	+\$2.610 b	+9,634
Construction	+\$3.843 b	+\$1.945 b	+\$1.601 b	+19,965
Manufacturing	+\$182.640 b	+\$44.502 b	+\$24.130 b	+240,195
Wholesale Trade	+\$17.099 b	+\$11.563 b	+\$6.667 b	+63,227
Retail Trade	+\$51.433 b	+\$38.343 b	+\$22.246 b	+575,522
Transportation and Warehousing	+\$20.991 b	+\$10.443 b	+\$6.906 b	+82,677
Information	+\$7.953 b	+\$4.914 b	+\$2.098 b	+15,711
Financial Activities	+\$70.870 b	+\$21.390 b	+\$7.015 b	+59,624
Business Services	+\$17.292 b	+\$10.231 b	+\$8.346 b	+84,809
Health Services	+\$11.815 b	+\$8.265 b	+\$6.988 b	+96,440
Other Services	+\$22.347 b	+\$11.412 b	+\$9.159 b	+183,840
Total	+\$640.896 b	+\$224.447 b	+\$113.006 b	+1,677,058

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas - Composite: Low Scenario

25% Probability; \$45-\$55 per Barrel Range on Average

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$5.297 b	+\$1.556 b	+\$1.024 b	+13,478
Mining	+\$170.909 b	+\$45.566 b	+\$11.925 b	+195,049
Utilities	+\$23.145 b	+\$5.083 b	+\$2.218 b	+8,186
Construction	+\$3.265 b	+\$1.653 b	+\$1.361 b	+16,964
Manufacturing	+\$155.188 b	+\$37.813 b	+\$20.503 b	+204,093
Wholesale Trade	+\$14.529 b	+\$9.825 b	+\$5.665 b	+53,723
Retail Trade	+\$43.703 b	+\$32.580 b	+\$18.902 b	+489,020
Transportation and Warehousing	+\$17.836 b	+\$8.873 b	+\$5.868 b	+70,250
Information	+\$6.758 b	+\$4.175 b	+\$1.782 b	+13,350
Financial Activities	+\$60.218 b	+\$18.175 b	+\$5.960 b	+50,662
Business Services	+\$14.693 b	+\$8.693 b	+\$7.091 b	+72,062
Health Services	+\$10.039 b	+\$7.023 b	+\$5.938 b	+81,945
Other Services	+\$18.988 b	+\$9.696 b	+\$7.782 b	+156,209
Total	+\$544.568 b	+\$190.712 b	+\$96.021 b	+1,424,992

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas- Composite: High Scenario

30% Probability; above \$70 per Barrel on Average

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$8.438 b	+\$2.479 b	+\$1.632 b	+21,470
Mining	+\$272.249 b	+\$72.584 b	+\$18.996 b	+310,702
Utilities	+\$36.868 b	+\$8.097 b	+\$3.533 b	+13,040
Construction	+\$5.201 b	+\$2.633 b	+\$2.167 b	+27,023
Manufacturing	+\$247.207 b	+\$60.235 b	+\$32.660 b	+325,109
Wholesale Trade	+\$23.144 b	+\$15.651 b	+\$9.024 b	+85,578
Retail Trade	+\$69.616 b	+\$51.897 b	+\$30.110 b	+778,981
Transportation and Warehousing	+\$28.411 b	+\$14.134 b	+\$9.348 b	+111,905
Information	+\$10.765 b	+\$6.651 b	+\$2.839 b	+21,266
Financial Activities	+\$95.924 b	+\$28.952 b	+\$9.495 b	+80,702
Business Services	+\$23.405 b	+\$13.848 b	+\$11.296 b	+114,791
Health Services	+\$15.992 b	+\$11.187 b	+\$9.459 b	+130,533
Other Services	+\$30.247 b	+\$15.446 b	+\$12.397 b	+248,832
Total	+\$867.466 b	+\$303.794 b	+\$152.957 b	+2,269,933

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in Texas- Composite: Very Low Scenario

5% Probability; \$25-\$35 per Barrel Range on Average

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$2.889 b	+\$0.849 b	+\$0.559 b	+7,351
Mining	+\$93.214 b	+\$24.852 b	+\$6.504 b	+106,380
Utilities	+\$12.623 b	+\$2.772 b	+\$1.210 b	+4,465
Construction	+\$1.781 b	+\$0.901 b	+\$0.742 b	+9,252
Manufacturing	+\$84.640 b	+\$20.623 b	+\$11.182 b	+111,312
Wholesale Trade	+\$7.924 b	+\$5.359 b	+\$3.090 b	+29,301
Retail Trade	+\$23.835 b	+\$17.769 b	+\$10.309 b	+266,711
Transportation and Warehousing	+\$9.728 b	+\$4.839 b	+\$3.201 b	+38,314
Information	+\$3.686 b	+\$2.277 b	+\$0.972 b	+7,281
Financial Activities	+\$32.843 b	+\$9.913 b	+\$3.251 b	+27,631
Business Services	+\$8.014 b	+\$4.741 b	+\$3.868 b	+39,302
Health Services	+\$5.475 b	+\$3.830 b	+\$3.239 b	+44,693
Other Services	+\$10.356 b	+\$5.288 b	+\$4.244 b	+85,196
Total	+\$297.007 b	+\$104.014 b	+\$52.370 b	+777,190

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States - Composite: Baseline Scenario

40% Probability; \$55-\$65 per Barrel Range on Average

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$7.192 b	+\$2.159 b	+\$1.403 b	+18,377
Mining	+\$201.506 b	+\$53.739 b	+\$14.136 b	+230,200
Utilities	+\$35.578 b	+\$7.814 b	+\$3.410 b	+12,584
Construction	+\$3.995 b	+\$2.025 b	+\$1.667 b	+20,799
Manufacturing	+\$293.590 b	+\$69.077 b	+\$36.742 b	+365,554
Wholesale Trade	+\$17.610 b	+\$11.909 b	+\$6.867 b	+65,118
Retail Trade	+\$53.295 b	+\$39.691 b	+\$23.021 b	+596,502
Transportation and Warehousing	+\$23.430 b	+\$11.657 b	+\$7.709 b	+92,287
Information	+\$8.343 b	+\$5.154 b	+\$2.201 b	+16,481
Financial Activities	+\$72.020 b	+\$22.048 b	+\$7.402 b	+62,975
Business Services	+\$17.914 b	+\$10.599 b	+\$8.646 b	+87,861
Health Services	+\$12.035 b	+\$8.419 b	+\$7.119 b	+98,238
Other Services	+\$23.890 b	+\$12.130 b	+\$9.767 b	+196,450
Total	+\$770.399 b	+\$256.421 b	+\$130.088 b	+1,863,424

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States - Composite: Low Scenario 25% Probability; \$45-\$55 per Barrel Range on Average

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$6.111 b	+\$1.835 b	+\$1.192 b	+15,615
Mining	+\$171.219 b	+\$45.662 b	+\$12.011 b	+195,600
Utilities	+\$30.231 b	+\$6.639 b	+\$2.897 b	+10,692
Construction	+\$3.395 b	+\$1.720 b	+\$1.416 b	+17,673
Manufacturing	+\$249.463 b	+\$58.695 b	+\$31.219 b	+310,610
Wholesale Trade	+\$14.963 b	+\$10.119 b	+\$5.835 b	+55,330
Retail Trade	+\$45.285 b	+\$33.725 b	+\$19.561 b	+506,846
Transportation and Warehousing	+\$19.909 b	+\$9.905 b	+\$6.551 b	+78,416
Information	+\$7.089 b	+\$4.380 b	+\$1.870 b	+14,004
Financial Activities	+\$61.195 b	+\$18.734 b	+\$6.289 b	+53,510
Business Services	+\$15.222 b	+\$9.006 b	+\$7.347 b	+74,655
Health Services	+\$10.226 b	+\$7.154 b	+\$6.049 b	+83,473
Other Services	+\$20.299 b	+\$10.307 b	+\$8.299 b	+166,923
Total	+\$654.606 b	+\$217.880 b	+\$110.535 b	+1,583,346

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States - Composite: High Scenario

30% Probability; above \$70 per Barrel on Average

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$9.735 b	+\$2.923 b	+\$1.898 b	+24,874
Mining	+\$272.742 b	+\$72.737 b	+\$19.134 b	+311,580
Utilities	+\$48.156 b	+\$10.576 b	+\$4.615 b	+17,033
Construction	+\$5.407 b	+\$2.741 b	+\$2.256 b	+28,151
Manufacturing	+\$397.381 b	+\$93.497 b	+\$49.730 b	+494,784
Wholesale Trade	+\$23.836 b	+\$16.119 b	+\$9.294 b	+88,138
Retail Trade	+\$72.136 b	+\$53.722 b	+\$31.160 b	+807,378
Transportation and Warehousing	+\$31.713 b	+\$15.777 b	+\$10.435 b	+124,912
Information	+\$11.292 b	+\$6.976 b	+\$2.978 b	+22,307
Financial Activities	+\$97.481 b	+\$29.842 b	+\$10.018 b	+85,238
Business Services	+\$24.248 b	+\$14.346 b	+\$11.703 b	+118,921
Health Services	+\$16.290 b	+\$11.396 b	+\$9.635 b	+132,967
Other Services	+\$32.335 b	+\$16.418 b	+\$13.220 b	+265,899
Total	+\$1042.751 b	+\$347.070 b	+\$176.076 b	+2,522,183

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

The Annual Impact of Permian Basin Oil and Gas Activity On Business Activity in the United States - Composite: Very Low Scenario

5% Probability; \$25-\$35 per Barrel Range on Average

Industry	Total Expenditures	Gross Product	Personal Income	Jobs
Agriculture	+\$3.333 b	+\$1.001 b	+\$0.650 b	+8,517
Mining	+\$93.383 b	+\$24.904 b	+\$6.551 b	+106,680
Utilities	+\$16.488 b	+\$3.621 b	+\$1.580 b	+5,832
Construction	+\$1.851 b	+\$0.938 b	+\$0.772 b	+9,639
Manufacturing	+\$136.057 b	+\$32.012 b	+\$17.027 b	+169,406
Wholesale Trade	+\$8.161 b	+\$5.519 b	+\$3.182 b	+30,177
Retail Trade	+\$24.698 b	+\$18.394 b	+\$10.669 b	+276,434
Transportation and Warehousing	+\$10.858 b	+\$5.402 b	+\$3.573 b	+42,768
Information	+\$3.866 b	+\$2.389 b	+\$1.020 b	+7,638
Financial Activities	+\$33.376 b	+\$10.217 b	+\$3.430 b	+29,184
Business Services	+\$8.302 b	+\$4.912 b	+\$4.007 b	+40,717
Health Services	+\$5.577 b	+\$3.902 b	+\$3.299 b	+45,526
Other Services	+\$11.071 b	+\$5.621 b	+\$4.526 b	+91,040
Total	+\$357.022 b	+\$118.832 b	+\$60.286 b	+863,556

Source: US Multi-Regional Impact Assessment System, The Perryman Group

Notes: Monetary values given in billions of 2020 US dollars per year. Components may not sum due to rounding. Retail Trade includes Restaurants, Financial Activities includes Real Estate.

Additional Forecast Detail

Projected Change in Texas Nominal Gross Product by Industry				
Industry	2020		2021	
Agriculture	-\$422.5 m	-4.45%	+\$670.9 m	+7.39%
Mining	-\$49,845.7 m	-28.87%	+\$46,675.8 m	+38.01%
Utilities	-\$1,730.3 m	-5.74%	+\$2,572.1 m	+9.05%
Construction	-\$1,055.2 m	-1.03%	+\$8,408.5 m	+8.26%
Manufacturing	-\$20,184.4 m	-8.12%	+\$31,165.7 m	+13.64%
Wholesale Trade	-\$3,795.9 m	-2.39%	+\$14,985.1 m	+9.65%
Retail Trade	-\$8,338.0 m	-8.11%	+\$11,805.9 m	+12.50%
Transportation and Warehousing	-\$3,658.3 m	-5.26%	+\$6,847.0 m	+10.39%
Information	-\$4,403.0 m	-6.55%	+\$6,710.8 m	+10.69%
Finance and Insurance	+\$509.9 m	+0.48%	+\$6,976.0 m	+6.58%
Real Estate and Rental/Leasing	+\$3,687.8 m	+1.96%	+\$13,827.2 m	+7.21%
Professional, Scientific, Technical Services	+\$3,999.7 m	+2.95%	+\$11,831.9 m	+8.49%
Management of Companies	+\$56.1 m	+0.21%	+\$2,339.1 m	+8.74%
Administrative, Support, Waste Management	+\$1,546.2 m	+2.42%	+\$4,940.7 m	+7.55%
Educational Services	-\$99.2 m	-0.72%	+\$1,348.4 m	+9.84%
Health Care and Social Assistance	+\$9,540.9 m	+8.14%	+\$7,716.6 m	+6.09%
Arts, Entertainment, and Recreation	-\$2,740.0 m	-20.64%	+\$2,685.5 m	+25.49%
Accommodation and Food Services	-\$9,603.2 m	-17.43%	+\$10,301.7 m	+22.64%
Other Services	-\$1,281.8 m	-3.31%	+\$4,466.4 m	+11.93%
Government and Government Enterprises	+\$9,218.4 m	+4.77%	+\$7,989.8 m	+3.95%
Total	-\$78,598.5 m	-4.11%	+\$204,265.2 m	+11.13%
Source: US Multi-Regional Econometric Model, The Perryman Group				

Projected Change in Permian Basin Nominal Gross Product by Industry

Industry	2020		2021	
Agriculture	-\$10.0 m	-4.37%	+\$16.0 m	+7.29%
Mining	-\$9,494.0 m	-33.93%	+\$8,254.6 m	+44.66%
Utilities	-\$35.6 m	-5.79%	+\$52.6 m	+9.08%
Construction	-\$21.6 m	-0.99%	+\$181.1 m	+8.41%
Manufacturing	-\$158.2 m	-6.76%	+\$287.1 m	+13.16%
Wholesale Trade	-\$99.2 m	-2.37%	+\$401.8 m	+9.83%
Retail Trade	-\$148.6 m	-8.10%	+\$213.2 m	+12.64%
Transportation and Warehousing	-\$57.7 m	-5.27%	+\$109.8 m	+10.59%
Information	-\$37.8 m	-6.42%	+\$60.1 m	+10.90%
Finance and Insurance	+\$7.8 m	+0.82%	+\$62.7 m	+6.52%
Real Estate and Rental/Leasing	+\$50.1 m	+1.94%	+\$191.5 m	+7.29%
Professional, Scientific, Technical Services	+\$32.5 m	+2.98%	+\$97.0 m	+8.65%
Management of Companies	+\$11.8 m	+2.65%	+\$34.1 m	+7.45%
Administrative, Support, Waste Management	+\$11.0 m	+1.69%	+\$54.0 m	+8.19%
Educational Services	-\$7.3 m	-11.14%	+\$9.6 m	+16.57%
Health Care and Social Assistance	+\$86.2 m	+8.09%	+\$69.8 m	+6.06%
Arts, Entertainment, and Recreation	-\$49.3 m	-32.64%	+\$39.2 m	+38.49%
Accommodation and Food Services	-\$164.7 m	-17.14%	+\$179.4 m	+22.53%
Other Services	-\$26.1 m	-3.41%	+\$88.5 m	+11.99%
Government and Government Enterprises	+\$121.3 m	+4.62%	+\$107.2 m	+3.90%
Total	-\$9,989.4 m	-19.07%	+\$10,509.1 m	+24.79%
Source: US Multi-Regional Econometric Model, The Perryman Group				

Projected Change in Odessa Nominal Gross Product by Industry

Industry	2020		2021	
Agriculture	+\$0.2 m	-4.14%	-\$0.4 m	+7.46%
Mining	-\$1,137.7 m	-33.01%	+\$1,001.6 m	+43.39%
Utilities	-\$7.1 m	-5.75%	+\$10.6 m	+9.11%
Construction	-\$9.5 m	-1.05%	+\$74.9 m	+8.37%
Manufacturing	-\$53.0 m	-6.12%	+\$102.9 m	+12.66%
Wholesale Trade	-\$37.1 m	-2.41%	+\$147.7 m	+9.81%
Retail Trade	-\$53.4 m	-8.14%	+\$75.9 m	+12.61%
Transportation and Warehousing	-\$20.3 m	-5.18%	+\$39.6 m	+10.64%
Information	-\$8.1 m	-5.60%	+\$14.7 m	+10.78%
Finance and Insurance	+\$1.0 m	+0.58%	+\$11.6 m	+6.57%
Real Estate and Rental/Leasing	+\$19.2 m	+1.97%	+\$72.4 m	+7.31%
Professional, Scientific, Technical Services	+\$7.3 m	+2.56%	+\$26.0 m	+8.95%
Management of Companies	+\$0.1 m	+0.24%	+\$3.6 m	+8.83%
Administrative, Support, Waste Management	+\$6.2 m	+2.81%	+\$18.2 m	+8.03%
Educational Services	-\$3.4 m	-24.78%	+\$2.9 m	+28.13%
Health Care and Social Assistance	+\$28.5 m	+8.07%	+\$23.0 m	+6.04%
Arts, Entertainment, and Recreation	-\$14.2 m	-39.91%	+\$10.5 m	+49.10%
Accommodation and Food Services	-\$59.4 m	-17.48%	+\$64.0 m	+22.82%
Other Services	-\$8.1 m	-2.75%	+\$33.3 m	+11.57%
Government and Government Enterprises	+\$35.1 m	+4.68%	+\$31.0 m	+3.96%
Total	-\$1,313.9 m	-11.38%	+\$1,764.0 m	+17.24%

Source: The US Multi-Regional Econometric Model, The Perryman Group