



**CITY COUNCIL RETREAT MINUTES
CITY OF ODESSA, TEXAS**

August 4, 2020

On August 4, 2020, a budget retreat meeting of the Odessa City Council was held at 1:30 p.m., at Floyd Gwin Park, PAL Gym, 1015 County Road West, Odessa, Texas.

Members present: Mayor David R. Turner; Council members: Michael Shelton, District One; Dewey Bryant, District Two; Detra White, District Three; Tom Sprawls, District Four; Mari Willis, District Five; and Peggy Dean, At-Large.

Others present: Michael Marrero, City Manager; Norma Aguilar-Grimaldo, City Secretary; Natasha Brooks City Attorney; Phillip Urrutia, Assistant City Manager; Cindy Muncy, Interim City Manager; Randi Pineda, Assistant to the City Manager; Zackary Beseril, Budget Manager; Seth Boyles, Controller; and others.

A quorum being present, the following proceedings were held:

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

Council member Bryant gave the invocation.

Review proposed FY 2020-21 City of Odessa Budget. Mr. Marrero recognized and thanked Mrs. Muncy and Mr. Beseril for their hard work. He stated that the budget was developed under unprecedented times and has impacted our local economy. The budget reflected a conservative outlook. There was a decrease in sales tax and property values. There was a proposed \$34 million in property tax revenue and the projected sales tax of \$36 million. He proposed a water/sewer and solid waste rate increase. The increase would assist to begin a maintenance program. There were no supplemental requested unless it was necessary. There was some additional personnel and the water and sewer maintenance program funds were included.

Mrs. Muncy reviewed the net taxable values from ECAD and MCAD. There was a \$405 million decrease of taxable values. She explained Senate Bill 2 that had changes in the law and terminology. She reviewed the requirements and the budget calendar. Mrs. Muncy reviewed the voter-approval tax rate and the no new revenue tax rate. The proposed voter-approval tax rate was 0.482319 and the no new revenue tax rate was 0.477130. Each was an increase from last year. An average home taxable value would have a difference of \$81 under the voter-approval tax rate. Council member Sprawls stated that the residential values hold steady even in the downturn of an economy. Mrs. Muncy discussed the market values and changes in the tax rolls.

Mrs. Muncy provided a property tax rate for the last ten years and a comparative of the six pick cities. She reviewed the sales tax revenue. The sales tax received of \$41.6 million covered the budget. She identified and explained the Chapter 380 Agreements. Ms. Brooks stated that Chapter 380 agreements offered incentives for economic development for a set amount of time. Mr. Marrero stated that historically the City offered 15 years for a 380

Agreement. Council member Dean stated that supplements were granted with the excess sales tax. There was an opportunity for the next City Council to amend the budget if the sales tax increased later in the year.

General Fund. Mrs. Muncy reviewed the proposed General Fund revenues and expenditures. The sales tax was decreased, and the property tax had a slight increase. Expenditures had a proposed annual operating of \$98 million. There was a line item for the fire staff for the new station. Station 6 would be relocated, and Station 9 was a brand-new station. She discussed the personnel that would be hired. Mayor Turner asked to research the maximum amount allowed to charge the game rooms. Council member Dean was concerned with the drop in revenues for fines and forfeitures. Mr. Urrutia stated that there was a detailed process to issue warrants. More time for notification was required. Mr. Beseril identified the other line item in fines and forfeitures that included administration, arrest, child safety, and driving course fees. It was fees in addition to the violation. Mrs. Muncy explained the Water/Sewer in lieu of tax line item. The revenue was received into the General Fund from the Water and Sewer Fund. Mrs. Muncy stated that the travel in General Fund was reduced throughout the departments. Public Works had its \$3 million for maintenance. Mr. Urrutia stated that the City's fleet life was extended but there would be no concerns for the future. The skilled staff maintained the fleet.

There was a break from 2:45 p.m. – 2:58 p.m.

Water and Sewer Fund. Mrs. Muncy reviewed the Water and Sewer Fund. Proposed Revenues were \$65 million with expenditures of \$62 million. There was a proposed water and sewer rate increase by 2.5%. The funds would go toward a repair and replacement budget. She reviewed the proposed increase rates for an average usage. The increase rate was for residential and commercial users. There were tiered water rates, but users were using less water. Mrs. Muncy explained the Pioneer revenues. The budget had a \$2 million for infrastructure repair and replacement. The Texas Water Development Board funding process was begun. If funds were approved, the funding would be used on the Water Treatment Plant. She reviewed the debt structure. Mr. Marrero stated that problem areas were identified. Council member White was concerned of utilizing the funds for other projects. Mr. Marrero stated that priority changed and staff was flexible depending the issue to accommodate the users. Council member Bryant stated that there would be additional increase with the growth of customers.

Solid Waste Fund. Mrs. Muncy stated that there was a proposed solid waste rate increase by 2.5%. Expenditures and personnel were decreased. She reviewed the history of rate increases.

Storm Water Fund. There were no proposed storm water fee changes. Mr. Marrero stated that there were plans to build up the fund for projects such as drainage. Council member Bryant was concerned with the growth and the drainage problems.

Equipment Service Fund. Mrs. Muncy stated that there was a decrease in expenditures and the fuel cost went down. The equipment replacement was budgeted at \$3.6 million. There were some excess in the fund balance. Mr. Urrutia stated that the rental rates was based on the life of the vehicle.

Information Technology Fund. Mrs. Muncy stated that there was a slight increase and the maintenance went up. Computer replacement was budgeted at \$350,000. Staff was working to build out the fund balance.

Risk Management Fund. Mrs. Muncy stated that there were no increases for insurance rates. There was \$400,000 added to the fund balance and would be built up.

Golf Course Fund. Mrs. Muncy stated there was a General Fund transfer of \$400,000. The FY 20 supplemental was the bathroom.

Debt Service Fund. Mrs. Muncy stated that the debt issuances were outlined.

Hotel Motel Tax Fund. Mrs. Muncy stated that a rollover of the unused funds was \$313,500.

Council member Bryant asked if there was any possible refinancing of the debt with lower rates. Mrs. Muncy stated that all were at the refunding status except last year's issuance which can not be refinanced yet.

Tax Rate. Mayor Turner and each Council member provided his or her view on the proposed tax rate. The Council had a consensus to have the no new revenue tax rate at 0.477130 and have the increase in water and sewer and solid waste rates as recommended.

Mayor Turner thanked the staff for their work on the budget. There was no other business, the meeting adjourned at 3:53 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC
City Secretary

David R. Turner
Mayor