



**CITY COUNCIL WORK SESSION MINUTES
CITY OF ODESSA, TEXAS**

June 15, 2021

On June 15, 2021, a work session meeting of the Odessa City Council was held at 3:00 p.m., Council Chamber, City Hall, 411 W. 8th St., Odessa, Texas.

City Council present: Mayor Javier Joven; Council members: Mark Matta, District One; Steven P. Thompson, District Two; Detra White, District Three; Tom Sprawls, District Four; and Denise Swanner, At-Large.

City Council absent: Council member Mari Willis, District Five.

Others present: Michael Marrero, City Manager; Norma Aguilar-Grimaldo, City Secretary; Natasha Brooks, City Attorney; Cindy Muncy, Assistant City Manager; Phillip Urrutia, Assistant City Manager; and other members of City staff.

A quorum being present, Mayor Joven called the meeting to order, and the following proceedings were held:

Council member Thompson gave the invocation.

Resolution No. 2021R-43 – Odessa Development Corporation economic development agreement with Nacero. Mr. Edgmon stated that there were two minor changes that the ODC board approved on the contract. The Legal Department reviewed and Nacero confirmed the changes. An addition was made to Section 4.2, Insurance, to add that the company will hold insurance policies with industry standard. The other change was in Section 4.4 "Terminate" would be replaced with "Suspend" in the section title. The statement will be left as written. It provided the option to suspend or terminate.

Motion was made by Council member Thompson and seconded by Council member Swanner to approve the resolution. The motion was approved by the following vote:

Aye: Joven, Matta, Thompson, White, Sprawls, and Swanner

Nay: None

Fire Department 2019 CO projects update. John Alvarez, Fire Chief, provided an update on Fire Stations #6 & #9. Fire Station #6 had the platting in process. The construction start date would be July 4 with 365 days for build. Once the pad was built, there would be a groundbreaking. He acknowledged Larry Lee and Mike Withrow for securing the lot. There would be an art piece, as 1% of the budget was required to go to art. The art would commemorate Larry Lee. The cost of the station was \$6,767,006 plus other costs included IT, architect, and Newton Engineering. On Fire Station #9, there was progress, but due to the rain there were some delays in construction but no concerns. April 5 was the construction start date and May 1, 2022 would be the completion date. The fire trucks and ambulance were ordered. The furnishings were a separate cost. He was working with staff in traffic for signals.

Police Department 2019 CO projects update. Mike Gerke, Police Chief, stated that the Animal Shelter had a \$10.5 million budget and \$390,345 was spent in architect and engineering services. He reviewed the allocated expenses. There was an estimated

\$492,805 remaining in funds. The multi-purpose building had a budget of \$3.6 million and \$3,286,384 was spent. There was \$313,616 of remaining funds. He reviewed the spent allocation of funds. There was a delay with the flooring of building materials.

Renew contract for auctioning services. Mr. Urrutia stated that the contract was with Renee Bates for auctioneering services to dispose of City surplus property. Renee Bates would receive 5% commission. The contract has been with Renee Bates since 2007. He checked the buy board and the range for services was 7% to 25% commission.

TxDOT agreement for a temporary street closure. Hal Feldman, Traffic Engineer, stated that the temporary street closure was Grant St. from 4th St. to 6th St. Downtown Odessa would have two events, July 24 and October 2, on Grant St. It would provide for street closure for the events.

First amended and restated interlocal agreement for wastewater treatment services. Tom Kerr, Director of Public Works/Utilities, introduced Charles Harris with Gulf Coast Authority (GCA). It was proposed to amend the agreement for wastewater treatment services. GCA operated an industrial wastewater facility and provided industrial waste services. A notice of termination was provided on November 12, 2020, with the effective date of December 31, 2021. GCA intended to negotiate and provide services. The contract was beneficial to the City to maintain industrial wastewater services. He reviewed the changes in the agreement including the financial obligation. The term of the amended agreement was December 31, 2022, with two-year renewal not to exceed 50 years. The City paid for flow that GCA treated. It was beneficial for processing the industrial wastewater which was kept out of the City's wastewater system.

Allocation of \$842,418 in Program Year 2021 Community Development Block Grant funds (CDBG) and \$12,044 in unprogrammed CDBG funds and \$95,414 in CDBG program income funds. In addition, consider the allocation of \$275,124 in 2021 HOME Investment Partnership Program funds. Merita Sandoval, Director of Community Development, stated that there was \$949,876 in CDBG Funds and \$275,124 in HOME Funds. There was a total request of \$1,196,770.

Reallocation of \$50,000 in Community Development Block Grant-Coronavirus Round 1 funds (CDBG-CV1) and \$40,000 in Community Development Block Grant-Coronavirus Round 3 funds (CDBG-CV3). Mrs. Sandoval reported that there was a return of Coronavirus funds of \$90,000 from the Boys and Girls Club and SHARE. It was recommended to allocate the funds to the rent, mortgage, and utility program. There were people that have not returned applications. Staff was doing its due diligence on verification. Twenty applications were approved that spent \$53,000. Seven applications were waiting to be reviewed and there were 300 applications.

Discuss allocation to outside agencies. Mrs. Muncy explained the handout of the FY 22 outside agency application listing. The listing identified funds used, awarded, rolled over, and requested. Most requests were repeats but there were three new organizations that applied. She reviewed the Texas Winter organization. Mrs. Muncy stated that there was a target allocation of \$3 million as it has been done the past 25 years. There was \$8 million of HOT funds but \$24,000 a month was set aside for the hotel. Council member Thompson asked about offsetting funds. Mrs. Muncy stated questions could be asked to the agencies. Zack Beseril, Budget Manger, stated that most of the organizations were expected to spend its funds. Mayor Joven asked about the UTPB athletics. Mr. Beseril stated that contract has been for at least five years. The rollover was due to COVID. Unspent funds would return to the Hotel/Motel Fund. There were different times of reporting that included after the event or quarterly.

Discuss 2019-20 outside audit. Mrs. Muncy stated that the audit was for FY ending September 30, 2020. The audit was based on the City's new software system for the first year. The upcoming FY budget will be considered for August 3 and the Council would have its budget book two weeks prior. The Ector County Appraisal District's final property tax value was due by July 25. David Duree, Weaver Partner, acknowledged City staff's hard work through COVID and the system change. He reviewed the process with the standards, compliance and grants, and basis of accounting. The audit process was a risk-based approach that used revenue recognition. There was a walk through systems that included disbursements, grants, payroll and purchasing. Testing was done of financial statements using analytics, sampling, and compliance. Meredith McKeehan, Weaver Senior Manager, reported the audit results. The financial statements had an unmodified, clean, opinion. There were no material weaknesses identified or noncompliance material. There were significant deficiencies that were not material weaknesses. The major programs of CARES and FTA EZ Rider had an unmodified opinion with no weaknesses or deficiencies. She stated that the single audit had no internal control, no weaknesses or compliance issues. She highlighted the summary of the auditor's results.

Mrs. Muncy reviewed the comprehensive annual financial report. She identified the management discussion and analysis financial highlights that showed comparative information. The governmental funds ended with a fund balance of \$217.9 million which included capital projects. The analysis showed the changes in net position. Capital assets reflected \$20 million increase in government funds and business activities had a \$12 million increase. An itemized debt schedule was outlined with a decrease. The City's rating by Moody's was "Aa2" and Standard & Poor's rating was "A+". Mrs. Muncy reviewed the statement of activities with expenditures and net change in position. The government fund assets were \$233 million, liabilities of \$11.8 million, and uncollectable of \$3.3 million. The budgeted sales tax was ahead by \$3 million. There was a slight increase in collections and down in fines and forfeitures due to less transactions. A savings was made due to a hiring freeze and a stop to supplemental projects. She reviewed the Water and Sewer Fund and the proprietary funds. She highlighted significant accounting policies. The City had 60 days for contingency and 25 days for budget stabilization for a total of \$24 million. She commented on retirement funds with TMRS, Odessa Firefighters Relief Retirement Fund and the other postemployment benefits (OPEB). The City was required to contribute a rate for TMRS. The City contributed to the Firemen's pension at 26%. She highlighted the long term debt and Fund Balance.

Statistical information was provided by staff that showed a ten-year history.

Discuss Open Meeting training dates. Ms. Brooks stated an Open Meeting training would cover a variety of topics. Possible dates were July 6 and July 8, and it would be a three to four hour comprehensive training. The City boards that were subject to open meetings would be invited to attend the training. Council member Swanner asked that the two Municipal Court Judges be invited. The Council had a consensus for July 6. The meeting would begin at 10 a.m.

Executive Session - Recess for executive session: As authorized by the Texas Government Code, Section 551.071 (Consultation with Attorney), the City Council may adjourn into executive session for proposed contract. Reconvene in open session for possible action. Motion was made by Council member Matta and seconded by Council member Sprawls to go into executive session under 551.071. The motion was approved by the following vote:

Aye: Joven, Matta, Thompson, White, Sprawls, and Swanner
Nay: None

Motion was made by Council member Sprawls and seconded by Council member White to return from executive session. The motion was approved by the following vote:

Aye: Joven, Matta, Thompson, White, Sprawls, and Swanner
Nay: None

Motion was made by Council member Matta and seconded by Council member Swanner to adjourn the meeting. The motion was approved by the following vote:

Aye: Joven, Matta, Thompson, White, Sprawls, and Swanner
Nay: None

The meeting adjourned at 5:34 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC
City Secretary

Javier Joven
Mayor