



**CITY COUNCIL BUDGET WORKSHOP MINUTES  
CITY OF ODESSA, TEXAS**

**July 26, 2022**

On July 26, 2022, a budget workshop meeting of the Odessa City Council was held at 9:01 a.m., at Salinas Park Community Center, 600 W. Clements, Odessa, Texas.

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

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

A quorum being present, the following proceedings were held:

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

**Discuss the draft FY 2022-23 City of Odessa Budget.** Mr. Marrero reported that the certified values were recently received. He recognized and thanked city staff for their hard work. He reported that there was an increase in property values. The two revenue sources were sales tax which was 40% of the budget and property tax which was 33% of the budget. Sales tax was budgeted at \$45 million which there has been an increase in the past year. The budget proposed a 6% water and sewer rate increase to cover the inflationary costs and the debit issuance. A solid waste 3.5% rate increase was proposed as tipping fees has increased. There were supplemental items that had one-time fund and on-going, The Parks Department requested \$1.5 million for two new neighborhood parks. A one-time transfer of \$10 million to the Capital projects fund for road projects was recommended. He stated a budget was not included as the number was unknown with the compensation study to be in process.

Mrs. Muncy reviewed the net taxable values from ECAD and MCAD. She reviewed and explained the voter-approval tax rate and the no new revenue tax rate. The voter-approval tax rate calculation was 0.497075 and the no new revenue tax rate calculation was 0.0483791. Staff recommended the voter-approval rate. The average home taxable value was reviewed. Mr. Marrero was looking at the future as costs were increasing. Council member Thompson stated that it was easier to have small incremental increases. Salary increases were not part of the budget as the amount has not been identified from the study. She explained the 6% water and sewer rate increase as 3.5% would cover the debt. She stated that there was a healthy fund balance and staff recommended to wait for the compensation study before there were any more salary increases. Council member Thompson stated that the Ector County interlocal agreement needed to be addressed. Council member Matta asked about splitting the rate in half, but it was insignificant to raise it at that amount. There was inflation in supplies. Mr. Marrero reported that there were about 5% increases in costs that included in equipment and supplies. Mrs. Muncy reviewed the

sales tax and there was a projected amount of \$48 million for the current fiscal year.

**General Fund.** Mrs. Muncy reviewed the proposed General Fund revenues and expenditures. She stated that some of the Fund Balance funds could be used for salary but not for every year. There was a proposed 2% City rate increase for the Firemen's Retirement but no increase for the fire personnel. She provided a history of the Firemen's Pension. Council member White stated that fire personnel were retiring earlier. There was no guaranteed interest rate from TMRS. The current TMRS rate 14.14%. Mr. Marrero stated that the Fire Pension had a different strategy on investments and TMRS had less risky investments. Mrs. Muncy reviewed the supplemental requests. The armed guards for the pools was not included in the pool proposal. Mayor Joven stated that it should be included in the proposal for next year.

There was a break from 10:31 a.m. – 10:52 a.m.

Some of the street projects were identified from the supplemental request.

There was a lunch break from 11:15 a.m. – 11:53 p.m.

**Water and Sewer Fund.** Mrs. Muncy reviewed the Water and Sewer Fund. Proposed revenues were \$69.9 million with expenditures of \$70.7 million. There was a proposed water and sewer 6% rate increase. The water and sewer revenue have dropped. There was a higher debt due to the debt issuance. She explained the Quail Run industrial water usage as they were buying less City water. There was an increase in expenditure. The supplemental requests were reviewed. The TCEQ rates increased due to an increase in the number of connections. Mrs. Muncy explained the tier rates. She reviewed Pioneer's contract. The Reclamation Plant assessment would be to review the facility's conditions. The study would take 12 to 18 months to complete.

**Solid Waste Fund.** Mrs. Muncy reviewed the Solid Waste Fund. Proposed revenues were \$16.3 million with expenditures of \$16.3 million. A proposed solid waste rate increase of 3.5% was proposed. The tipping fees and fuel increased. The supplemental requests were reviewed. Mr. Marrero explained the concerns with the Shredder building. A study was recommended for assessment. Mayor Joven stated that the building needed to be replaced and to use the funds from the study to replace the building as there was no salvaging the building. Mrs. Muncy stated that General Fund funds would need to be used if a new Shredder Plant building was constructed. Mr. Marrero explained the use of the Shredder building by the Time Machine. Council member Thompson stated it was time to build a new building as it outlived its life. There was a consensus to have the Shredder building design for \$250,000.

**Storm Water Fund.** Mrs. Muncy stated that the Storm Water Fund had a transfer out of \$2 million.

**Equipment Service Fund.** Mrs. Muncy reviewed the Equipment Service Fund. Proposed revenues were \$15 million and expenditures of \$17.5 million. Mr. Urrutia stated that the costs were going up with replacement equipment.

**Information Technology Fund.** Mrs. Muncy stated revenues were \$5.5 million with expenditures of \$5.3 million. There were software and computer cost increases. The

supplemental request was for switch upgrades.

**Risk Management Fund.** Mrs. Muncy stated that revenues were \$13.7 million with expenditures of \$13.6 million. There were no proposed premium increases. The supplemental requests were reviewed. The clinic director position was open, and applications were received.

**Golf Course Fund.** Mrs. Muncy stated there was a General Fund transfer of \$500,000 for the Golf Course Fund. The supplemental requests were reviewed. A turf and irrigation reestablishment program was being made. Costs increased with chemicals and insecticides. Mr. Urrutia stated that it was recommended to purchase gas golf carts. Council member Thompson stated to consider leasing the golf carts and replace every three years. Mr. Urrutia stated that the gas carts had a higher resale value.

There was a break from 1:07 p.m. – 1:18 p.m.

**Debt Service Fund.** Mrs. Muncy stated that the debt issuances schedule was outlined.

**Hotel Motel Tax Fund.** Mrs. Muncy stated that the Hotel Motel Fund budget was allocated as approved by Council.

**Projects.** The roadway projects were reviewed. A list of projects was identified with the projected costs that consisted of widen and reconstruction. Mr. Marrero stated that the projects were development driven and could change over the years.

A roadway rehabilitation planning forecast list was reviewed. Mrs. Muncy stated \$6 million in funds were not used and would be rolled over the following years. Council member Thompson stated to consider the traffic and roads on the North and East of Odessa as it was growing. He stated that Faudree was backed up with cars from Hwy. 191. He stated that area needed the roads. Mr. Marrero reported that the Faudree bids were high. The cost has gone up with the market throughout the state. Mayor Joven stated not to compromise the projects. Mrs. Muncy stated that the roadway funds were separate from the \$6 million maintenance funds. She stated that the funds may need to come from the General Fund. Mr. Marrero stated that funds were needed for the roadway improvements due to the development.

Mr. Marrero provide an update on ARPA funds. ORMC's funds have not been distributed as State requirements were changed. Mrs. Muncy stated that the second portion of ARPA funds were received. Street projects could be done with the funds. Mr. Marrero stated that ORMC may not use the \$1 million in funds. Council would allocate the ARPA funds next month. Council member Thompson stated that there were city needs and the funds should be used for the needed projects.

Mayor Joven and Council members Swanner and Matta supported the no-new-revenue rate. Council member Sprawls stated that there were many needs and taxes were increased. He supported the voter-approval rate. Council member Thompsons stated that all the funds from the Fund Balance should not be used. All revenue sources should be reviewed. He stated that the road projects could be funded with ODC funds. He supported the voter-approval rate. Council member Willis thanked the staff. She supported the voter approval rate as there were a lot of needs. The city needed good roads and funds were needed to

take care of needs. Council member White supported the voter approval rate. Retention should be considered with the salary compensation study.

Mr. Beseril reviewed the budget calendar. The proposed budget would be filed August 8. A public hearing would be held on August 23.

Mayor Joven adjourned the meeting at 2:02 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC  
City Secretary

Javier Joven  
Mayor