



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

August 1, 2023

On August 1, 2023, a workshop meeting of the Odessa City Council was held at 8:30 a.m. at the Holiday Inn, 5275 E. 42nd St. Odessa, Texas.

City Council present: Mayor Javier Joven; Council members: Mark Matta, District One; Steven P. Thompson, District Two; Gilbert Vasquez, District Three; Greg Connell, District Four; Chris Hanie, District Five; and Denise Swanner, At-Large.

Staff present: Norma Aguilar-Grimaldo, City Secretary; Agapito Bernal, Interim City Manager; Dan Jones, Interim City Attorney; Seth Boles, Interim City Manager; John Beckmeyer, and other members of City staff.

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

Introductions were made.

Review draft of Fiscal Year 2023-24 City of Odessa Budget. Mr. Boles provided an overview of the City process for requesting budget funds. There was a slight increase in preliminary property values of 4.77% and an increase in sales tax collections of 13.77%. City management instituted a zero-based budget methodology. Dome departments requested new positions based on departmental changes. The capital improvements would continue throughout the City including street maintenance and water and sewer line maintenance. The ARPA funds was right under \$20 million that need to be allocated. It must be obligated by December 2024 and expended by December 31, 2026.

The property tax rate was \$0.474384 per \$100 valuation which is a slight decrease from the previous year. Mr. Boles reviewed a ten year property tax rate comparison. The no new revenue rate was \$0.474384, and the voter approval tax rate was \$0.475442. He proposed the no new revenue rate. The preliminary values and the certified values were reviewed. The historical appraisal values were reviewed. Mr. Boles reviewed the sales tax projection and proposed \$55 million for the budget. There was a proposed water and sewer 6% rate increase and a 3.5% solid waste rate increase to cover inflationary costs. The TMRS rate was set by the State and the City's portion was 15.04%. For the Firemen's Pension, the City agreed to 28% to be paid by the City. Mr. Bernal stated that the City suffered liability with tenured people that left the City.

There was a break from 9:24 a.m. – 9:44 a.m.

General Fund. Mr. Boles reviewed the General Fund. The ending fund balance was \$139,175,123. He explained the fund types that included General, Special Revenue Fund, and Proprietary Fund and its restrictions. The expenditures were reviewed. The personnel services were verified with the positions. There were positions that were inactivated if they were not filled for many years. The vacant positions were evaluated with services being met and the turnover rate. Some of the departments used the vacant positions for overtime. The reallocation of funds was used to address compensation for the employees. The department budgets had an explanation for each line item. The departments' budgets were

reviewed.

Water and Sewer Fund. The Pioneer line item was \$9.5 million. Mayor Joven asked for the projects that would be used from the Pioneer funds. Council member Thompson stated that the contract was almost completed and did not know if it was going to be renewed. Mr. Boles reviewed the revenue and expenditures for the water and sewer. The proposed water and sewer rates had a 6% increase.

Solid Waste Fund. There were more expenditures than revenue. Revenues were \$16,356,258 and expenditures were \$18,153,126. The line items were reviewed. The one-time expenditure was for the demolition of the shredder building. There was a proposed 3.5% solid waste rate increase.

Parks. Mr. Boles reviewed the parks one time expenditure requests. Mr. Bernal stated that there were some issues at the Jurassic splashpad and McKinney Park splashpad. He explained the issues. Mayor Joven stated that the issues needed to be addressed immediately. The Parks request would be discussed at the August 8 Work Session.

Storm Water Fund. The Storm Water Fund was reviewed with an ending fund balance of \$4,483,599. Mr. Bernal stated that it was a mandated fund to remove debris from our system. The process was not followed as the funds were to be used for storm water and infrastructure purposes. The process has been corrected. He stated that the City may need to address the tiered fees. Mayor Joven suggested an incremental increase. Mr. Bernal stated that \$2 million of Storm Water funds was removed for the Faudree infrastructure cost. The funds would be safe guarded for storm water and there would be oversight of the account. The Storm Water personnel were housed in different areas.

There was a break from 11:54 a.m. – 1:05 p.m. Council member Hanie left the meeting.

Equipment Service Fund. Mr. Boles reviewed the vehicle rental rates. There was a decrease in expenditures. The cost of replacements was \$8.9 million.

Information Technology Fund. Mr. Boles stated that the fund was for computer replacement and reflected inflation. It provided a streamlining of the technology equipment. The technology charges were \$6,277,787 and computer replacement was \$641,277. The total revenue changes had an increase of 14.1%.

Risk Management Fund. There was no change in the revenue. The expenditures were reviewed with an ending fund balance of \$8,244,419. There would be no changes in benefits.

Golf Course Fund. There was a General Fund transfer of \$500,000 to make the budget have a positive variance. The revenue cost has not been updated. Council member Thompson stated that a new irrigation system was needed and discussed other issues. Capital expenditures were needed. Council would discuss at the August 8 Work Session.

Debt Service Fund. The ad valorem tax revenue was \$12,557,500. Mr. Boles reviewed the expenditures. The certificates of obligation issuances payments were reviewed.

Hotel-Motel Tax Fund. Mr. Boles stated that the funds reflected the Council approval of the outside agencies allocated in June. Mayor Joven stated that the \$50,000 coliseum was an agreement. He asked for clarification on the purpose of the funds. With the Odessa Arts,

subgrantees were receiving funds and must meet the requirements of the tax fund. Mr. Bernal stated that the Marriott paid its hotel taxes late due to the change of management companies. Mr. Boles stated that quarterly payments were made from the Marriott. The \$1 million has been paid to Odessa College for the downtown project. Mayor Joven asked to check if the funding purpose met the requirements.

City Projects. Mr. Boles reviewed major on-going projects with its timeline of completion that included Line Q, Faudree detention basin, and Water Treatment Plant Rehab.

Mr. Boles reviewed the budget calendar. Mayor Joven stated that there was a better understanding on the budget. He thanked the staff.

There was a break from 2:56 p.m. – 3:09 p.m.

Discuss and review Evergreen's Compensation Analysis. Mark Holcombe, Evergreen Solutions, provided a compensation classification analysis. The project had phases that included outreach, classification, compensation and solution. The market survey collected market data that was relatively to the size of Odessa. The government employee compensation had an average of 2% to 4% below minimum at market. He reviewed the salary cost options compared to market averages. The options addressed compression. Charles Hurst, Human Resource Director, stated that the departments evaluated its current staffing and job classifications. He reviewed the requests for additional employees from the departments. Mr. Bernal stated that some positions have no impact to the budget. There were some savings in moving services in house such as Equipment Services and Police with its project manager. Mr. Bernal reviewed the positions with shifting of funds to either another department or consolidation of positions. Mayor Joven stated that there was a shortfall with the lack of education and professionalism. Mr. Hurst reviewed the City Attorney's budget with its positions that were restructured. Discussion was held on part-time on health wellness for fitness class instructors, front desk clerk for Building Inspections department, lubrication technician and body shop.

Mayor Joven asked if some of these positions were eliminated or converting. Mr. Boles stated that the first step was to verify the position control and the direction of Council. Mr. Hurst was working on the positions and placing them into the pay scales. Mayor Joven asked if there were positions that was retooling. Mr. Hurst stated it would streamline respective departments. There was the elimination of two assistant directors of utilities and combining as one assistant director position. The salary would be in line to the pay scale. It would provide a net savings to the City. Mr. Bernal stated that two departments, Planning and Equipment Services, were behind the times. The changes would have minimal impact to the budget and bring inline as needed for today's services. Mr. Hurst stated that one of the challenges was identifying when the last time some positions were filled. There was no historical data. Mayor Joven, based on staff and the directors' information, supported moving forward. Mr. Boles stated that the changes would be made in position control. The changes would be effective October 1, 2023. A budget hearing would be held before Council approval.

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

Aye: Joven, Matta, Thompson, Vasquez, Connell, and Swanner
Nay: None

The meeting adjourned at 4:07 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC
City Secretary

Javier Joven
Mayor