



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

August 3, 2021

On August 3, 2021, a budget workshop meeting of the Odessa City Council was held at 8:45 a.m., at Sherwood Park Community Center, 4819 N. Everglade Avenue, 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 2021-22 City of Odessa Budget. Mr. Marrero recognized and thanked city staff for their hard work. He stated that the proposed budget had some adjustments in some areas such as service, chemicals, and benefits. Due to the pandemic, the city maintained its funding with a hold in hiring except in public safety, projects were on hold, and travel ceased unless to maintain licenses. He proposed to maintain the same property tax as last year. The sales tax was down with \$38.5 million budgeted for the upcoming fiscal year. He proposed small incremental water and sewer rate increases. The supplemental requests were necessary for operation. He proposed a cost of living increase for employees of 4%.

Mrs. Muncy introduced staff. Mr. Beseril outlined the detailed process of how the proposed budget was compiled. He reviewed upcoming budget dates. Mrs. Muncy reported that the budget included the 4% salary increase for employees. She 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 0.497231 and the no new revenue tax rate calculation was 0.482489. The average home taxable value was reviewed. She reviewed the market values that included mineral, real estate, and personal property. The proposed tax year rate was proposed, as last year, at 0.477115. Council member Thompson agreed to keep the tax rate the same to help citizens. Mayor Joven asked about the \$95 million and interest rate debt on being paid from ad valorem. Mrs. Muncy stated management's intent was not to pay out of ad valorem but water and sewer as the debt belonged to the Water and Sewer Fund. A water and sewer rate increase may be needed in the future. The proposed water and sewer rate increase was not to pay for debt this year. Council member Thompson stated that the CRMWD rate would not go up for the upcoming year. Mrs. Muncy stated that there was a fixed cost to pay CRMWD debt and the price per gallon for water that was paid. The Council had a consensus to keep the same tax rate. Mrs. Muncy reviewed the debt on Certificates of Obligation, bond, and pension liability.

There was a break from 9:44 a.m. – 10:02 a.m.

Mrs. Muncy reviewed the projected sales tax budget at \$38.5 million. Each of the supplemental requests were explained and reviewed. Mr. Marrero discussed the master plan and annexation study which was a basis for other plans. The plan would provide an analysis on where to grow and identify areas for annexation. The plan would be community based driven. Mr. Urrutia gave an overview of the plan components. Council member White stated that the requests were reasonable and supported the requests. Mrs. Muncy explained funding for the supplemental requests. Council member Willis stated that it was important for the city to be proactive and move forward to improve the city for the future.

General Fund. Mrs. Muncy reviewed the proposed General Fund revenues and expenditures. Mr. Beseril stated that medical and dental benefits were about \$8,666 per employee per year. The salary of 4% was included in the budget. Discussion was held on a possible 5% salary increase. After further discussion, the Council had a consensus to keep at 4% with the consideration of an adjustment during the year.

Water and Sewer Fund. Mrs. Muncy reviewed the Water and Sewer Fund. Proposed revenues were \$67.7 million with expenditures of \$66.8 million. There was a proposed water and sewer rate increase by 2.5%. There was a decrease in revenue with Ector County Utility District (ECUD) not using the city' maintenance or billing for its water. She explained the ECUD rates. During the pandemic, there were no water late fees or cut offs. Mrs. Muncy reviewed the history of the water and sewer rate increases. In 2020, Council provided for minimal increase each year for a minimal impact. The proposed rate increase was not for the new CO debt. She stated that the impact fees would help in the future. Council member Thompson asked about the Nacero project with the water as it would be a good revenue source. Mr. Marrero reported that there was no request to the City. Nacero wanted to work directly with CRMWD. Mrs. Muncy reported that the Pioneer contract ended in 2027. The Council agreed on the 2.5% water and sewer rate increase.

Solid Waste Fund. Mrs. Muncy reviewed the Solid Waste Fund. Proposed revenues were \$15.7 million with expenditures of \$15 million. She stated that the Solid Waste Master Plan was being completed. She reviewed the history of the rate increases. The seniors and disabled had a lower rate. The Council had a consensus of a 2.5% rate increase.

Storm Water Fund. Mrs. Muncy stated that the Storm Water Fund had revenues at \$1.9 million with expenditures at \$1.5 million. She reviewed the rates by its tiers. There were no proposed storm water fee changes. Storm Water vehicles paid a rental fee to the Equipment Services Fund.

There was a lunch break from 11:52 a.m. – 12:37 p.m.

Equipment Service Fund. Mr. Urrutia explained the process for the replacement of vehicles. Mrs. Muncy stated that revenues were \$13.9 million with expenditures of \$16 million.

Information Technology Fund. Mrs. Muncy stated revenues were \$5 million with expenditures of \$5 million. The computer replacement was \$400,000. The charges were based on computer cost and software.

Risk Management Fund. Mrs. Muncy stated that revenues were \$13.7 million with expenditures of \$13 million. She reviewed the line item budget fund.

Golf Course Fund. Mrs. Muncy stated there was a General Fund transfer of \$400,000 for the Golf Course Fund. Revenues were \$2 million with expenditures of \$1.8 million. There were no proposed rate changes.

Debt Service Fund. Mrs. Muncy stated that the debt issuances scheduled were outlined. The proposed ad valorem tax revenue was \$12.5 million.

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

Mr. Beseril reviewed the next steps for the budget process. The proposed budget would be filed August 9. A public hearing would be hold oh August 24. Mr. Marrero thanked the staff for their work on the budget.

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

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

The meeting adjourned at 1:03 p.m.

ATTEST:

APPROVED:

Norma Aguilar-Grimaldo, TRMC, CMC
City Secretary

Javier Joven
Mayor