



Odessa Police Department

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Mayor and Board of Aldermen,

I am writing to provide a consolidated summary of the financial plan for the proposed 3/8-cent Public Safety Sales Tax. Our public outreach has confirmed that community questions revolve fundamentally on size, cost and trust. This plan addresses those concerns with a framework in fiscal responsibility.

To maximize the value of public funds, the City utilizes professional financial advisors – SAMCO Capital (McLiney & Company). While current interest rates are approximately 5%, the City and financial advisors are committed to working for Odessa to secure the very best rates available and to maximize savings for the taxpayers. SAMCO Capital's analysis ensures a repayment plan is structured safely and reliably, matching the projected revenue. Ultimately, our financial advisors' professional guidance will provide accountability and guarantee the best return on the taxpayer's investment in a new police facility.

The proposed 3/8-cent Public Safety Sales Tax is designed to fund a maximum \$4.9 million project. Based on feedback from the financial advisors, this figure is the proposed cap for the entire project, covering everything from hard costs (actual construction) to soft costs (architectural fees, surveying, testing, site development, security equipment, furnishings, and technology). This budget also includes a contingency fund and funds for future building maintenance. The tax is projected to generate approximately \$255,000 annually to safely service and retire this debt over 30 years, including all accrued interest (approximately 5%). It is important to note that the entire maximum does not have to be spent. The final project cost would be based on several factors, including securing favorable borrowing costs, efficient design and pre-construction engineering, strategic procurement and contracting, building material selection, and disciplined project management and execution.

We feel it is helpful to illustrate how the cost of the proposed 3/8-cent sales tax affects the individual consumer. An example of this is a person or family spending \$5,000.00 annually on goods and services where sales tax is applied, would pay \$18.75 toward the public safety sales tax. Another example would be a person buying a \$300.00 push mower from a local business in which the cost of the public safety tax would be \$1.12. In addition, a traveler stopping at a fast food restaurant, buying a \$9.00 value meal would invest 3 pennies in the public safety sales tax.

There has been an evolution in the square footage of a secure police facility. The current \$4.9 million cap is the result of a significant reduction in the original project scope and is based on what the City could potentially borrow. It will be the Board of Aldermen's decision on how to directly commit funds from the public safety sales tax and the amount of debt to repay. To recap previous reported information, the initial 2023 design (based on the published needs assessment report from the Police Facility Design Group) measured 15,665 square feet and would cost approximately \$10.4 million today (\$8.4 million when originally presented). In the first reduction, the project was cut to 11,294 square feet, which would still cost about \$7.8 million today (\$6.6 million when originally presented). These options were presented to the Focus Group and they recommended an even further reduced redesign based on the absolute minimum safe operational requirements, resulting in the current final proposal of an operating footprint of approximate 6,000 square feet.

We have worked hard to prepare a sketch, which should only be considered for illustrative purposes (not necessarily what will be built). This sketch is an attempt to show a layout of the approximate square footage in which the department can safely and efficiently operate the facility, manage employee work and quality, interview victims privately, process arrestees securely, and secure and process evidence without contamination. An illustrative site plan comparison is included showing the previous design's square footage compared to the nearly 53% reduction required by the Focus Group. The cost estimate is based on current price-per-square-foot for government buildings (high estimate) and includes construction, site development, technology, architect and engineering fees, surveying, furnishings, communications, and contingency.

The programming included in the sketch ensures the facility meets crucial safety and operational needs of today. It includes dedicated, discrete office space for administrative staff, case officers, and city leadership to hold private, confidential conversations with victims, citizens, and personnel. Patrol officers would utilize a bullpen-style workspace (shared) to write reports, supported by a dedicated records clerk and codes enforcement work area (shared) with proper document storage. The sketch includes a secure and modern evidence area for storage, processing, and collection. It also incorporates a safe and secure arrestee processing area, including a secure garage. For community service, the facility would have discrete interview rooms designed to keep suspects and victims separated, featuring specialized rooms to accommodate children and special victims. The sketch allocates space for quartermaster storage to maintain police equipment inventory and features a training room that could be easily converted for public education events such as proper pet ownership classes, self-defense training, or a Citizen Police Academy.

Our approach is revenue-driven. Final program designs follow funds. The reason we haven't completed a final, fixed cost yet is because we're deliberately working backwards in the process. Our commitment to fiscal responsibility means we cannot finalize the building design until the dedicated funding source is approved by the voters. The ultimate size and cost will be determined by how much debt can be safely financed (with a cap of a \$4.9 million). The Focus Group's plan is conservative and has already drastically reduced the scope of the project, including an estimated 53% reduction in square footage compared to the first proposal. While the repayment schedule is modeled on a conservative 2% annual growth in sales tax revenue, any

surplus growth could be used to accelerate the debt repayment (reaching the sunset clause faster) or build up a reserve fund. This accumulated reserve ensures the debt is always fully funded and stable, even if annual growth falls below 2%. It is also possible for the Board of Aldermen to decide to delay the start of a project long enough to accumulate a percentage of reserve dollars in advance.

We could not properly discuss financials without addressing a very important tool the 3/8-cent Public Safety Sale Tax will add – a citizen led public oversight committee. To ensure maximum accountability to the taxpayers, the Board will have the additional support from a public safety sales tax oversight committee. Once the tax is approved, this committee will play an important role, along with input from the public, city staff, and external experts. This will guide the Board of Aldermen in making final decisions regarding the building design, project costs, and the repayment strategy utilizing the public safety sales tax revenue. This structure ensures that the final facility plan is not determined by a single entity, but by a transparent, community-vetted process.

This is **NOT** the previous proposal. This plan reflects a direct response to the community's concerns and is fundamentally more conservative.

<u>Concern</u> -	<u>Original Proposal (Failed Aug 2024)</u>	<u>New Focus Group Proposal</u>
Tax Rate -	1/2-cent	3/8-cent (Lower)
Scope/Size -	Larger, higher construction cost	Drastically Smaller (53% Reduction)
Duration -	No guaranteed sunset clause	Guaranteed sunset clause (ends when debt is paid)
Oversight -	No formal citizen oversight	Citizen advisory committee to oversee revenue

This approach is about addressing our own community's urgent public safety needs, not competing with other towns. We invite the Board and all citizens to examine the new proposal including all financial reports, City audits, and full video recordings of Focus Group and Aldermen discussions are available on the City website and YouTube channel.

The success of this proposal ensures that the funding is secure, temporary, and under public control.

Please reach out to me with any feedback you might have regarding this plan.

Respectfully,


Josh Thompson