

**CITY OF SULPHUR SPRINGS, TEXAS
REGULAR MEETING OF THE
CITY COUNCIL**

**August 2, 2022
7:00 p.m.**

Mayor Douglas Moore called the regular session of the City Council to order at 7.04 p.m.
The following council members and staff were present:

Present: Mayor Douglas Moore
Mayor Pro Tem John A. Sellers
Councilman Jay W. Julian
Councilman Harold Nash Sr.
Councilman Oscar Aguilar
Councilman Tommy Harrison
Councilman Gary Spraggins

Absent: None

Staff: Marc Maxwell, City Manager
Natalie Darrow, City Secretary
Nate Smith, City Attorney
Tory Niewiadomski, Assistant City Manager/Community
Development Director
Gordon Frazier, Assistant City Manager/HR Director
Roger Feagley, Director of EDC – 7 p
Jason Ricketson, Police Chief– 7 p
David James, Fire Chief – 7 p

CALL TO ORDER

Mayor Moore called to order the open session of the regular meeting of the Sulphur Springs City Council to order at 7:04 p.m.

**PLEDGE OF ALLEGIANCE TO THE UNITED STATES FLAG, TEXAS FLAG, AND
INVOCATION**

Mayor Moore led in the pledge of allegiance to the United States Flag and the Pledge to the Texas Flag, and the invocation was led by Councilman Nash.

PRESENTATIONS, PROCLAMATIONS, AND ANNOUNCEMENTS
CITY OF SULPHUR SPRINGS, TEXAS
PROCLAMATION

Whereas, For over 50 years, Community Health Centers have provided high-quality, affordable, comprehensive primary and preventive health care in our nation's underserved communities, delivering value to, and having a significant impact on America's health care system.

Whereas, As the country's largest primary care network, Community Health Centers are the health care home for 30 million Americans in over 14,000 communities across the nation. One in every twelve people in the United States gets their care in a Community Health Center.

Whereas, Community Health Centers are a critical element of the health system, serving both rural and urban communities, and often providing the only accessible and dependable source of primary care in their communities. Nationwide, Community Health Centers serve one in every five residents of rural areas.

Whereas, Every day, Community Health Centers develop new approaches to integrating a wide range of services beyond primary care, including oral health, behavioral health, and pharmacy services, to meet the needs and challenges of their communities.

Whereas, Community Health Centers are governed by patient-majority boards, ensuring that the patients of each health center are engaged in their own health care decisions.

Whereas, Community Health Centers are locally owned and operated small businesses that serve as critical economic engines, helping to power local economies by generating \$63.4 billion in economic activity in some of the country's most economically deprived communities.

Whereas, Community Health Centers reduce overall costs of care by helping manage patients' chronic conditions, which keeps them out of costlier health care settings like hospital emergency rooms.

Whereas, Community Health Centers are on the front lines of emerging health care crises, providing access to care for our nation's veterans, addressing the opioid epidemic, and responding to public health threats in the wake of natural disasters.

Whereas, During National Health Center Week, we celebrate the legacy of America's Community Health Centers, and their vital role in shaping the past, present, and future of America's health care system.

NOW, THEREFORE, I, Douglas Moore, by virtue of the authority vested in me as Mayor, and on behalf of the City Council of the City of Sulphur Springs, Texas, do hereby proclaim August 7-13, 2022, as National Health Center Week. I encourage all Americans to take part in this week by visiting their local Health Center and celebrating the important partnership between America's Community Health Centers and the communities they serve.

Signed and sealed this 2nd day of August, 2022.

Douglas Moore, Mayor

MANAGER'S REPORT WILL INCLUDE A STATUS REPORT OF CAPITAL IMPROVEMENTS, MUNICIPAL OPERATIONS, ACCIDENTS AND CLAIMS FOR THE MONTH, AND A REVIEW OF EXPENDITURES AND REVENUES

CLAIMS – We did not have any workers compensation claims in July. We had one minor liability claim in July.

SENIOR CITIZENS BUILDING – The contract with Texas Department of Housing and Community Affairs (TDHCA) is not ready for signature yet. I had expected to sign the contract in June, but we have gotten word that it may still be a few months.

PACIFIC PARK – The Parks and Recreation Department has begun installing an irrigation system in the park.

XLNT Construction should begin construction on the basketball pavilion soon. They expect to be finished by October.

COLLEGE STREET – Highway 19 Construction has poured the concrete street and sidewalks from the plaza to the rail spur. The next segment is from the rail spur to Patton Street.

ONCOR RATE INCREASE – Oncor has filed their rate case. The Steering Committee of Cities Served by Oncor is performing an evaluation of the rate case now.

REVENUES AND EXPENDITURES – Finance Director/Assistant City Manager Lesa Smith will not present a report on revenues and expenditures as she has been deep in the budget this month.

STREET IMPROVEMENT PROGRAM – Texana Land and Asphalt has resumed paving the streets on our SIP list. They are on California Street Now.

2022 SIP		
Street	Between	Length
Jackson	Middle to College	2480
Kasie	Tate to Camp	681
Lee	Davis to League	3099
Fore	Main to Connally	1070
Forrest Ln	Bell to Barbara	1119
Garrison	Main to Connally	940
Glover	Davis to Church	348
Houston	Hillcrest to League	4800
Commercial Serv.	various repair	442
Como	College to RR	3317
Dabbs	Gilmer to Davis	401
Drexel	Broadway to Mockingbird	1441
Fisher	Spence to Lee	1500
Ardis	Spence to Beckham	1880
Azalea	Hillcrest to Main	3648
Bonner	Church to Davis	539
Brinker	Beasley to dead-end	2629
California	Church to Seventh	1520
Charles	College to Lakeshore	998
Lee (2021)	Davis to Broadway	1901
League (2021)	Bellview to Pampa	3131
Total Linear Feet		37,884
Total Miles		7.18
Total Cost		\$ 2,012,318.00
Street Maintenance Fee Cost Estimate		\$ 1,072,668.00
Estimated Street Maintenance Fee Funds Available (Fund Balance Plus Budgeted Revenue)		\$ 1,049,101.81
Red Text indicates streets paid for by the Street Maintenance Fee. All other streets are paid for by a transfer from General Fund to Capital Fund.		

Elsewhere around the city, employees:

- Performed preventative maintenance on elevator and air conditioning units at city hall.
- Performed preventative maintenance on several items at the wastewater treatment plant.
- Treated wastewater effluent to a daily average total suspended solids reading of 0.46 mg/L...OUTSTANDING!
- Hauled 203 tons of sludge to the landfill.
- Repaired 33 water main ruptures.
- Replaced 8 water meters.
- Unstopped 9 sewer mains.
- Repaired 3 sewer mains.
- Washed 85,000 feet of sewer mains.
- Treated 204 million gallons of potable water.
- Flushed 39 dead-end water mains.
- Performed preventative maintenance on several items at the water treatment plant.
- Conducted 19 building inspections, 7 electrical inspections, 10 plumbing inspections, 1 mechanical inspection and issued 17 building permits.
- Hosted one baseball tournament and 3 softball tournaments.
- Prepared Coleman Lake for Jet Tribe event.
- Replaced all swings at Kids Kingdom.
- Responded to 178 animal control calls and achieved a 62% adoption rate.
- Made 2 felony arrests in the Special Crimes Unit.
- Responded to 29 accidents, wrote 610 citations, recorded 33 offenses and made 62 arrests in the Patrol Division.
- Sold 6,141 gallons of AvGas and 13,213 gallons of JetA fuel.
- Accommodated 1,561 operations (take offs of landings) at the Municipal Airport.
- Responded to 304 calls at the Fire Department including 4 structure fires, 4 vehicle fires and 5 grass fires.
- Performed preventative maintenance on 78 fire hydrants.
- Repaired 169 potholes.
- Replaced 2 STOP signs and 3 street signs.
- Hauled Street Sweeping spoils to the landfill.
- Demolished and removed house on Jefferson to make way for drainage improvements.
- Checked out 4,087 items from the Library plus 800 eBooks.

DISCUSSION/ACTION ON CONSENT AGENDA

City Secretary Darrow presented the staff report. Consider for approval the City Council regular meeting minutes of July 5, 2022; and Economic Development Corporation meeting

minutes of June 27, 2022; and a 380 agreement for 327 Magnolia Street. Councilman Julian moved to approve the consent agenda as presented. Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION FOR SECOND AND FINAL READING OF ORDINANCE NO. 2806 - A REINVESTMENT ZONE FOR D6

EDC Director Feagley presented the staff report. D6 Inc. is a company from Portland Oregon. They have purchased the old Commercial Services Building/Coke Cola Building. They have added a 25,000 square foot building and a 66,000 square foot to the building. They are in the process moving their headquarters from Portland to Sulphur Springs, This will require an additional 300,000 square feet of manufacturing. One of the incentives that we offered was a tax abatement for their Hospital Taxes. The Hospital District does not have the legal authority to create a reinvestment zone. What you have before you is an ordinance to establishment a Reinvestment Zone. This is nothing more than establishing the geographical boundaries of an area where a taxing entity can offer a tax incentive. You are not issuing a tax abatement by the creation of the reinvestment zone. of this ordinance and a notice of public hearing. You are not approving a tax abatement for this company. This reinvestment zone will only be used by the Hospital for a tax abatement. There was a brief discussion. Councilman Julian moved to approve Ordinance No. 2806 on the second and final reading as presented. Mayor Pro Tem Seller seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE NO. 2807 - (ZC# 220601) ON A REQUEST BY ANDREA AND MALACHI SANDOVAL TO REZONE PROPERTY LOCATED AT 1659 ARBALA RD. IDENTIFIED AS LOT 1, BLK: 236, TOWN: SULPHUR SPRINGS

Assistant City Manager/Community Development Director Tory Niewiadomski presented the staff report. At this time, the applicant is proposing to rezone a portion 0.93 acres out of a called 11-acre parcel from Single Family to Light Commercial at the NW corner of Arbala Road and Wildcat Way. The land use plan identifies this area as commercial along Wildcat Way. Provided below is a table of zoning and adjacent land uses: Staff sent 8 certified letters to surrounding property owners within 200 feet. Below is a response summary:

- In Favor Of: 0
- Opposed To: 0
- Undecided On: 0

Mayor Pro Tem Sellers moved to approve Ordinance No. 2807 on the second and final reading as presented. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2808, AN ORDINANCE AMENDING THE 2003 ORDINANCE NO. 2395 RELATING TO PARTICIPATION BY THE CITY OF SULPHUR SPRINGS, TEXAS IN THE TEXAS ENTERPRISE ZONE PROGRAM PURSUANT TO THE TEXAS ENTERPRISE ZONE ACT, CHAPTER 2303, TEXAS GOVERNMENT CODE; EXPANDING THE LIST OF LOCAL INCENTIVES OFFERED AND NOMINATING ASHOKA STEEL MILLS, LLC TO THE OFFICE OF THE GOVERNOR ECONOMIC DEVELOPMENT & TOURISM (EDT) THROUGH THE ECONOMIC DEVELOPMENT BANK AS AN ENTERPRISE PROJECT

Director of EDC Feagley presented the staff report. The Texas Enterprise Fund Program is designed to allow companies to recoup the state sales tax (6.25%) that they pay. This does not affect the 2% sales tax the community collects. There is a list of programs that we could have offered the company, but our letter of intent has not changed. There was a brief discussion. Councilman Spraggins moved to approve Ordinance No. 2808 on it's first reading as presented. Mayor Pro Tem Sellers seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2809 APPROVING AN ORDINANCE ESTABLISHING AND IMPLEMENTING A PROGRAM TO CHARGE MITIGATION RATES FOR COSTS INCURRED DURING THE DEPLOYMENT OF EMERGENCY AND NON-EMERGENCY SERVICES, EQUIPMENT, AND FIRST RESPONDERS BY THE SULPHUR SPRINGS FIRE DEPARTMENT WHICH WERE PROVIDED TO NON-RESIDENTS OF SULPHUR SPRINGS, HOPKINS COUNTY, TEXAS

Fire Chief James presented the staff report. This allows us to charge non-Hopkins County residents for every emergency response and wreck that the fire department responds to. At a later meeting, we will propose options for a 3rd party billing company. There was a brief discussion. Councilman Julian moved to approve Ordinance No. 2809 on the first reading as presented. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON FIRST READING OF ORDINANCE 2810, AN ORDINANCE AMENDING THE 1982 ORDINANCE NO. 889 RELATING TO THE DEFINITIONS AND AUTHORIZED LOCATIONS OF VIDEO GAMING FACILITIES, PREMISES, AND DEVICES WITHIN THE CITY OF SULPHUR SPRINGS

Chief of Police Ricketson presented the staff report. The existing ordinances regarding businesses who seek customers and revenue from video games were previously passed in 1982. Since that time, technology regarding video games as well as types of gaming venues, types of games offered, possible cash or valuable winnings from patrons, and revenues earned from the gaming industry have changed tremendously. This ordinance modernizes the definitions used for our City to define Video Gaming Facilities, Premises, and Businesses, and gives restrictions

for the lawful locations of such gaming businesses within the City. There was a brief discussion. Mayor Pro Tem Sellers moved to approve Ordinance 2810 on the first reading. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PROPOSALS AND AWARD OF CONTRACT FOR REINSURANCE FOR THE CITY OF SULPHUR SPRINGS EMPLOYEE HEALTH INSURANCE PROGRAM

Assistant City Manager/Finance Director presented the staff report. This is an annual request for proposals on reinsurance for the Health Insurance Program for employees. The City of Sulphur Springs continues a partially self-funded program of health insurance for its employees. For at least the past ten years, we have requested proposals for reinsurance coverage only. The City continues to keep Blue Cross as our claims administrator, using the Blue Choice Network. The proposals we receive for reinsurance are a direct result of the types and amounts of claims we have each year. Last year our medical claims were \$463,417, prescriptions were \$394,289 for total claims of \$857,706. This year medical claims have risen but prescription claims have declined from last year although they are still considered to be high. For this year, medical claims are estimated to come in at \$916,000 and prescription claims are estimated at \$305,000 for a total of \$1,221,000. Budgeted claims for FY 2022 were \$1,055,000 after the budget amendment. We still have 3 months of claims remaining in this budget year and two months in the health insurance plan year which ends on August 31, 2022. The City received proposals from three reinsurance carriers: Blue Cross, American Fidelity, and Highmark(HM Life). Attached are the results from the proposals from the carriers listed above. HM Life has the lowest fixed cost, followed by Blue Cross and then American Fidelity. In addition to fixed costs, staff also considers several other factors when making a recommendation for approval.

Staff requested proposals for a Specific Stop Loss Attachment Point of \$80,000 which is the same as this year. A Stop Loss attachment point means that for each covered participant, the City would pay up to that amount out of our Internal Services Fund for the year. If a covered participant reaches that amount, the Reinsurance Carrier would cover anything over that.

As mentioned above, there are other factors to consider that are specifically related to risk. As our current Administrator, Blue Cross is able to propose a plan on a Paid contract term. This means that they will cover claims as far back as they go and for the next 12 months. Coverage beyond 24 months puts the City at a lower risk for unexpected claims from previous years that could have been improperly billed. The other two proposals proposed a 24/12 contract so claims would only be covered if they were incurred within the past 12 months.

The annual attachment point is the maximum that the City would pay for total claims for all covered employees and dependents combined. Anything over this amount would be covered by the reinsurance carrier. The HM Life proposal has the lowest attachment point at \$1,577,604 followed by Blue Cross at \$1,602,341.

Staff is recommending that the contract be awarded to Blue Cross despite the fixed cost being \$17,411 higher than HM Life. By renewing with Blue Cross, there is less risk to our health plan overall with the paid basis contract. Another deciding factor is that with Blue Cross, any claims

exceeding the stop loss point will be reimbursed concurrently with our weekly claim billing since they are also our plan administrator. The concurrent reimbursement process will eliminate cash flow issues that could be tied to large claims.

The following is the last 2 years of Stop Loss Claims that have been paid to the City and to date for this year:

FY 2020- \$333,345

FY 2021- \$12,069

FY 2022- \$18,930 through June

This is a one-year contract for September 1, 2022 to August 31, 2023.

Most of the health insurance program costs are for paid claims not the reinsurance which is what this proposal is for.

Most of the proposals expire in August of 2022 without an approved and executed contract. If a contract is not awarded at this meeting, without current reinsurance, the City health plan would become responsible for all claims as of September 1, 2022.

Councilman Spraggins moved to Award Blue Cross the contract for reinsurance for the City of Sulphur Springs Health Insurance program at the \$80,000 level specific stop loss. Councilman Nash seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON RESOLUTION NO. 1308 APPOINTING DIRECTORS AND A CHAIRMAN FOR THE BOARD OF DIRECTORS OF CITY OF SULPHUR SPRINGS TAX INCREMENT FINANCING REINVESTMENT ZONE #1 AND PROVIDING AN EFFECTIVE DATE

Assistant City Manager/Finance Director Smith presented the staff report. When a Tax Increment Reinvestment Zone is created, the zone is managed and controlled by the City Council based on recommendations of the Board of Directors of that zone. The Board of Directors for TIFRZ Zone #1(downtown area) is comprised of 3 directors appointed by the City Council, 1 by the Hospital District, and 1 by the County. The directors serve two-year terms. The City Council is also responsible for appointing one of the directors as the Chairman of the Board. The chairman serves in that position for 1 year. The board has not met since the summer of 2017 and the appointments for this board have expired. This resolution is to appoint 3 council members to the board and get the annual board meetings back on track. Council will need to designate one of the appointments as chairman as well. The bylaws for the Board of Directors is attached. Going forward, board members should expect to meet in the next month or so, and then in January of each year. Other than the annual January meeting, meetings will only be held as needed.

Councilman Harrison moved to pass Resolution #1308, appointing 1.Oscar Aguilar, 2.Gary Spraggins, and 3.John A. Sellers, as directors for TIFRZ #1, and appointing Oscar Aguilar as the chairman of the board. Councilman Nash seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON APPROVAL FOR PURCHASE OF A SUTPHEN RESCUE PUMPER FOR CITY OF SULPHUR SPRINGS FIRE DEPARTMENT

Fire Chief James presented the staff report. The Sutphen pumper will replace a 2003 Ferrara pumper. There has been a cost increase of 21% in the last 16 months on Sutphen Pumpers with another 5% increase set for September 1, 2022. The original budgeted amount was \$550,000. There was a brief discussion. Mayor Pro Tem Sellers made a motion to approve the purchase of the Sutphen Rescue Pumper. Councilman Nash seconded and the vote was unanimous.

The motion carried.

VISITORS AND PUBLIC FORUM

None.

ADJOURN

With all business completed the meeting was adjourned at 7:40 p.m.