

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

**September 20, 2022
7:00 p.m.**

An Executive Session was held at 6:30 p.m. in accordance with Texas Government Code, Title 5, Chapter 551 - §551.071, Consultation with Attorney; and §551.087 Deliberations Regarding Economic Development Ashoka Steel.

Mayor Douglas Moore called the regular session of the City Council to order at 7:00 p.m. The following council members and staff were present:

Present: Mayor Douglas Moore
Councilman Jay W. Julian
Councilman Harold Nash Sr.
Councilman Oscar Aguilar
Councilman Tommy Harrison
Councilman Gary Spraggins

Absent: Mayor Pro Tem John A. Sellers

Staff: Lesa Smith, Finance Director/Assistant City Manager
Gordon Frazier, Assistant City Manager/HR Director-7 p
Jason Ricketson, Police Chief- 7 p

RECONVENE

Mayor Moore called to order the open session of the regular meeting of the Sulphur Springs City Council to order at 7:02 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.

DISCUSSION/ACTION ON PUBLIC HEARING OF SECOND AND FINAL READING OF ORDINANCE NO. 2811, THE APPROPRIATIONS ORDINANCE FOR THE CITY OF SULPHUR SPRINGS FOR FISCAL YEAR 2022-2023

Finance Director/Assistant City Manager Smith presented the staff report. This budget ordinance reflects the draft budget discussed during budget workshops and the September 6, 2022 meeting with the following changes made:

- Increased COLA from 7% to 9%
- Increased contribution to City Cemetery and Mel Haven Cemetery from \$300 per

month to \$500 per month each.

- Lowered revenue received from County for TIRZ#1 to reflect their proposed rate. County lowered tax rate from \$0.584035/\$100 to \$0.5239/\$100. This generates \$10,608 less revenue from the TIRZ than proposed in the draft budgets. This means the City will have to transfer in \$10,608 more from the general fund than the draft budget showed. The County's FY 2023 contribution will be \$1,855 less than FY 2022.
- Chemical Cost Increase - \$106,888 needs to be added to Water Plant and Wastewater Plant Chemical budgets in total.
- Chemical Cost Increase - As described on the agenda items for Water and Sewer rates, these rates need to increase to cover the added cost of chemicals at the plants.
- TIRZ #1 Revenue and Transfers In- Since the August meeting, the Hospital District has proposed their new tax rate. Their proposed rate decreases from the current \$0.22/\$100 to \$0.192461. This means that instead of the \$9,732 contribution that is in the proposed budget, the City will receive \$8,514 from the HCHD. This contribution is \$282 less than FY 2022. The decrease in revenue means that the City will need to transfer in a total of \$43,014 from the general fund to cover the debt payment instead of the proposed transfer of \$41,796.
- Increase Airport Fuel revenue and expenditure to reflect the numbers indicated/proposed to be amended in Ordinance No. 2818, Budget Amendment. There was a brief discussion. Councilman Julian moved to approve the ordinance on the second and final reading. Councilman Nash seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING OF SECOND AND FINAL READING OF ORDINANCE NO. 2812, SETTING THE TAX RATE FOR THE CITY OF SULPHUR SPRINGS FOR FISCAL YEAR 2022 - 2023

Finance Director/Assistant City Manager Smith presented the staff report. Property tax rate is set at \$0.44 per \$100 of valuation as discussed in budget workshops. Taxes for properties on the tax roll as of January 1, 2022 will be assessed October 1, 2022. As stated below, the Local Government Code requires specific language for the motion, and the ordinance. The percentage increase in the motion is not the same as the percentage increase in the ordinance. The State requires different tax rate calculation for each one. The motion uses the no-new-revenue tax rate, and the ordinance uses the no-new-revenue maintenance & operations rate. As a reminder, although the tax rate is increasing slightly from \$0.42692/\$100 to \$0.44/\$100, taxes paid in for homesteads will decrease because of the homestead exemption of 20% approved by Council in June. There was a brief discussion. Councilman Aguilar made a motion to approve the ordinance on the second and final reading. Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING OF SECOND AND FINAL READING OF ORDINANCE NO. 2813, SETTING THE WATER RATE

Finance Director/Assistant City Manager Smith presented the staff report. The rates in this ordinance have been updated to reflect the rates that are needed to cover the increase in cost of chemicals as discussed at the September 6, 2022 meeting. There was a brief discussion. Councilman Julian moved to approve the ordinance on the second and final reading. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING OF SECOND AND FINAL READING OF ORDINANCE NO. 2814, SETTING THE SEWER RATE

Finance Director/Assistant City Manager Smith presented the staff report. The rates in this ordinance have been updated to reflect the rates that are needed to cover the increase in cost of chemicals. There was a brief discussion. Councilman Harrison moved to approve the ordinance on the second and final reading. Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING OF SECOND AND FINAL READING OF ORDINANCE NO. 2816 – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS, AMENDING ORDINANCE NO. 2799, THE MASTER FEE SCHEDULE FOR COSTS, FEES AND RATES ASSOCIATED WITH PERMITTING, UTILITY SERVICES AND OTHER SERVICES PROVIDED BY THE CITY

Finance Director/Assistant City Manager Smith presented the staff report. The purpose of user fees is for the City to recoup the cost (or most of the cost) of providing a service to an individual benefactor rather than putting the burden on all citizens. There was a brief discussion. Councilman Spraggins moved to approve the ordinance on the second and final reading. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING OF SECOND AND FINAL READING OF ORDINANCE NO. 2817, AUTHORIZATION OF UPDATED SERVICE CREDITS

HR Director/Assistant City Manager Frazier presented the staff report. Staff recommends the city continues with the updated service credits for all current full-time employees. We choose to act on this annually so we have the option to discontinue at any time, which we have done for periods in the past. Our 2023 TMRS contribution rate is 7.26% without updated service credits and increases to a total rate of 7.55% with the adoption of updated service credits. The cities funded ratio will decrease slightly from 97.9% to 97.4%. The additional cost of the updated service credits is estimated at \$26,772.20 for 2023 fund year.

Updated Service Credits enhance each retirement account of current employees for inflationary factors above specific thresholds. Inflation decreases your buying power if you are on a fixed income, or if a lot of your retirement is based on the value of money from retirement contributions made early in your career while at a much lower wage. The higher inflation is over time combined with a large salary increase, the more problematic the issue can become. Updated Service Credits apply an actuarial formula to help mitigate that issue account by account. There was a brief discussion. Councilman Nash made a motion to approve the ordinance on the second and final reading. Councilman Julian seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING OF SECOND AND FINAL READING OF ORDINANCE NO. 2818 – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS, AMENDING ORDINANCE NO. 2798, THE 2021-2022 ANNUAL BUDGET ORDINANCE.

Finance Director/Assistant City Manager Smith presented the staff report. This budget amendment addresses changes that have occurred during the fiscal year due to action by the public, City Council, and circumstances outside of our control. An explanation of what expenditures and revenues are changing as well as the reason for the changes is included as Exhibit A of the Ordinance. Although the fuel expense and revenue were part of the budget amendment approved in July, it was not adjusted enough to cover the cost of fuel. Airport Director, Joey Baker, reports that volume has increased since the last budget amendment which has resulted in one or more fuel purchases than expected. No changes have been made to this since First Reading on 09.06.2022. There was a brief discussion. Councilman Julian moved to approve the ordinance on the second and final reading. Councilman Nash seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON EXECUTIVE ITEM IF ANY.

None.

ADJOURN

With all business completed the meeting was adjourned at 7:09 p.m.