CITY OF SULPHUR SPRINGS, TEXAS
REGULAR MEETING OF THE
CITY COUNCIL
August 6, 2024
7:00 p.m.

The following council members and staff were present:

Mayor Harold Nash Sr.
Mayor Pro Tem Oscar Aguilar
Councilman Jay W. Julian
Councilman Tommy Harrison
Councilman Gary Spraggins
Councilman Tyler Law
Councilman John A. Sellers

Staff: Marc Maxwell, City Manager
Natalie Burling, City Secretary
Nate Smith, City Attorney
Tory Niewiadomski, Director of Community Development/Asst City Manager 7p
Lesa Smith, Finance Director/Assistant City Manager
Gordon Frazier, HR Director/Assistant City Manager
Jason Ricketson, Chief of Police SSPD
James Jordan, Director of Utilities
Bryan Craig, Director of Capital Construction

CALL TO ORDER

Mayor Nash called to order the regular meeting of the Sulphur Springs City Council at 7:03 p.m.

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

Mayor Nash 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 Spraggins.

PRESENTATIONS, PROCLAMATIONS, AND ANNOUNCEMENTS

Carevide's Deputy CEO, Michael Glas, Michelle Carter, and Julia Stephenson were present to receive the proclamation.

National Health Week Proclamation

WHEREAS, For over 50 years, Community Health Centers have provided high-quality, affordable, comprehensive primary and preventive health care in our nation's medically underserved communities.

WHEREAS, Community Health Centers are a critical element of the health system, serving rural populations, 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, vision, behavioral health, and pharmacy services to meet the challenges of their communities.

WHEREAS, Community Health Centers are locally owned and operated small businesses that help power local economies by generating $85 billion in economic activity.

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, Harold Nash, by the virtue of the authority vested in me as Mayor, and on behalf of the City Council of the City of Sulphur Springs, Texas, proclaim August 4-10, 2024, as National Health Center Week. I encourage all Americans to participate in this week by visiting their local health center and celebrating this vital partnership between America's Community Health Centers and the communities they serve.

Paul Harvey, CEO/President of CMFH-SS and Brent Smith, CEO of Hopkins County Hospital District were present to receive the proclamation.

Hopkins County Memorial/Christus Mother Frances Proclamation.

WHEREAS, Hopkins County has benefitted from a dynamic hospital since Hopkins County Hospital District dba Hopkins County Memorial Hospital, opened its doors on September 5, 1949; and

WHEREAS, CHRISTUS Mother Frances Hospital – Sulphur Springs assumed ownership of the local hospital on July 12, 2016, and partnered with the Hopkins County Hospital District to build upon the quality care and community service Memorial Hospital was known for; and

WHEREAS, for the past 75 years, CHRISTUS Mother Frances Hospital – Sulphur Springs and its predecessors have been a cornerstone of healthcare excellence and compassion in our community; and

WHEREAS, since its founding the local hospital has tirelessly served the health needs of countless individuals and families, providing state-of-the-art medical care with dedication and innovation; and

WHEREAS, the staff, physicians, nurses, and volunteers of CHRISTUS Mother Frances Hospital – Sulphur Springs have consistently demonstrated an unwavering commitment to patient care, comfort, and well-being, embodying the highest standards of professionalism and compassion; and

WHEREAS, the contributions of CHRISTUS Mother Frances Hospital – Sulphur Springs extend beyond healthcare by actively engaging in community outreach, health education initiatives, and charitable endeavors that have enriched the lives of countless individuals; and

NOW, THEREFORE, I, Harold Nash, Mayor of the City of Sulphur Springs, and on behalf of the City Council, do hereby proclaim September 5, 2024, as a day to celebrate and honor the 75th Anniversary of CHRISTUS Mother Frances Hospital – Sulphur Springs. Let us celebrate this milestone with gratitude and pride in CHRISTUS Mother Frances Hospital – Sulphur Springs and the Hopkins County Hospital District for their remarkable legacy of service, excellence, and compassion.

Mr. Harvey invited the council and public to come celebrate with them on September 5th starting at 10 a.m.

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

Manager Maxwell presented the staff report.

CLAIMS – We had one workers' compensation claim in July for chemical burns. The employee was treated and released to duty without lost time.

We had one liability claim seeking damages of $3,247.13 on behalf of Suddenlink for a cut line. We did not cut the line, and TML denied the claim.

We also submitted claims to TML for property damage in recent storms, one for a lightning strike at the Police Department, and several for wind damage to structures in the Parks and Recreation Department.

COMPREHENSIVE PLAN – We finally have movement on the $250,000 grant from the General Land Office (GLO) to help pay for the Comprehensive plan. We received notice that the grant was approved and that the contract would be sent to Docusign today. One caveat though. The document needs to be signed by 5 persons at the General Land Office before I can sign it. I'm not sure how long that will take.

HOLIDAY DRIVE – Water and sewer lines are completed. Underground drainage is also completed. The Capital Construction Division is now replacing a portion of the curb and gutter. Later, on this agenda, you will be asked to approve the remainder of the curb and gutter that was not originally planned for this project. After that Texana Land and Asphalt will pave the street. This is a complete reconstruction project, like College Street.

After Holiday Drive Capital Construction crews will move to Alabama Street and Thermo for water main and sewer main installation.

WATER FILTER REHABILITATION – This project is completed.

STREET IMPROVEMENT PLAN (SIP) – Following is the list of streets to be repaved in the 2024 Street Improvement Program. The highlighted streets have been completed. Weaver and Shook should be completed in August.

Street	Between	Length

League	Asphalt Repairs	1000
League	Connally to KCS Rail	1200
W.A.	MLK to end	2223
Cranford	Robertson to Beasley	1287
S. Moore	Bellview to Tate	449
Oak	Gilmer to College	3446
Pollard	Mulberry to end	211
N. Davis	Glover to Airport	1728
Kirtley	Bellview to Nicholson	412
Ninth	Woodlawn to VanSickle	845
Carter	Bill Bradford to Whitworth	2000
Henderson	Craig to League	449
Melony	Azalea to end	1215
Jennings	Jefferson to College	929
Beckworth	Whitworth to Beckham	690
Sharon	W. Industrial to W. Pampa	803
Spence	Lemon to Carter	639
Weaver	Jackson to Teer	2877
Shook	Weaver to Jefferson	536
Jacobs	Houston to Bonner	848
		23,787

REVENUES AND EXPENDITURES – Finance Director Lesa Smith will not present the usual report of revenues and expenditures since you have just seen the budget presentation.

Elsewhere around the city, employees:

- Responded to 240 fire/rescue calls including 2 structure fires, 1 vehicle fire and 15 grass fires.
- Performed 20 fire inspections.
- Performed preventative maintenance on 76 fire hydrants.
- Restored power to the crosswalk lights at Alliance Bank.
- Repaired Loop 301 Lift Station.
- Made multiple electrical repairs in parks and downtown.
- Made numerous repairs at water treatment plant and wastewater treatment plant.
- Treated wastewater to a daily average total suspended solids reading of .3 mg/L
- Hauled 471 tons of sludge to the landfill.
- Repaired 7 water main ruptures.
- Replaced 16 water meters.

- Flushed 37 dead end water mains.
- Conducted 58 building inspections, 34 electrical inspections, 19 plumbing inspections, and 11 mechanical inspections.
- Issued 45 building permits and 80 trade permits.
- Sold 2,971 gallons of AvGas and 7,005 gallons of JetA fuel.
- Handled 1,519 flight operations at the airport.
- Repaired 95 potholes.
- Made 2 extensive street repairs following utility cuts.
- Repaired 3 sinkholes.
- Shredded around Lake Sulphur Springs including the dam.
- Checked out 5,479 items from the library plus 1,073 eBooks.
- Responded to 1,968 911 calls for police.
- Responded to 25 accidents, issued 497 traffic citations, recorded 43 offenses, and made 43 arrests in the Patrol Division.
- Responded to 217 animal control calls while achieving an 84% adoption rate.
- Assisted with 90 activities for seniors.
- Hosted 2 softball tournaments.
- Prepared the Grays Building for 13 rentals.
- Overseeded Pacific Park with Bermuda seed.

DISCUSSION/ACTION ON CONSENT AGENDA

City Secretary Burling presented the staff report. Consider for approval the City Council Regular Meeting Minutes of 07/02/2024; City Council Special Meeting Minutes of 07/16/2024; Downtown Revitalization Board meeting minutes of 05/07/2024; and Economic Development Meeting Minutes of 06/17/2024**;** and 380 agreements for 124 and 128 Goodman and 212 and 316 Beckham. Councilman Law made a motion to approve the consent agenda as presented. Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON THE PUBLIC HEARING AND SECOND AND FINAL READING OF ORDINANCE NO. 2859 FOR PLANNED UNIT DEVELOPMENT (PUD)

Community Development Director/Assistant City Manager Niewiadomski presented the staff report. The City Council has authorized a 380 agreement with a developer to construct a destination village-type development at the Thermo Mine property. The developer is performing the feasibility of creating a mixed-use development on part of the land that was donated to the City in 2019. In order to accommodate this request, the city needs to adopt a Planned Unit Development (PUD) Ordinance that allows for greater flexibility in zoning to accommodate these types of developments. A "PUD" may be used to permit new or innovative concepts in land utilization or diversification that could not be achieved under conventional zoning approaches. This type of tool will accommodate coordinated developments such as "Master Planned Communities" that can define the character of a development with intended outcomes specified as a standalone ordinance. Although there is greater flexibility with this tool, procedures are established to ensure against the misuse of this approach. This tool should be used for Master Planning purposes, carrying out specific goals of a Comprehensive Plan, public private partnerships, City Council strategic focus areas, development of mixed use, transit oriented or traditional neighborhoods with a variety of uses and housing types and/or to preserve natural features, opens space and other features of the land. There was a brief discussion. Councilman Julian made a motion to approve the second and final reading of the ordinance as presented. Councilman Law seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION- FIRST READING OF ORDINANCE NO. 2860 – AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS, AMENDING ORDINANCE NO. 2835, THE 2023-2024 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 resulting from past action by the City Council, operational and other cost increases/overruns that have come about since the adoption of the budget in September. 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. This budget amendment increases the overall expenditure limit by $1,454,215. The budget amendment also recognizes the adjustments to revenue which amounts to a projected decrease of $287,480 due to grant reimbursement timing. The remaining funds of $415,000 comes from the ARPA (American Rescue Plan Act) fund and $1,326,695 in fund balance. Staff will place a Resolution on the agenda at the September meeting to adjust the ARPA budget to move the unused ARPA funds to the general fund for general services. All funds have to be obligated before 12/31/2024 or they go back to the Treasury.

ARPA Funds Received	**$**	**4,030,507**
Transfer to GF for General Services	$	450,000
WTP Engineer	$	237,488
WTP Contractor	$	3,211,744
WTP Turbine Repair	$	18,110
Total ARPA Funds Used/Obligated	**$**	**3,917,342**
ARPA Funds Unobligated	$	113,165
Estimated Interest Earned on ARPA Funds	$	301,835
Total ARPA Fund Available for general services 7/31	**$**	**415,000**
Under Treasury's guidance, interest earned from SLFRF funds is not subject to program restrictions and can be used for any general government service.		
The City can claim up to $10 million in ARPA funds as lost revenue(even if no revenue was actually lost) and use towards general services of the government		

There was a brief discussion. Councilman Spraggins made a motion to approve the first reading of the ordinance as presented. Councilman Law seconded and the vote was unanimous.

The motion carried.

<u>DISCUSSION/ACTION RESOLUTION NO. 1429, AUTHORIZATION OF CYBER LIABILITY AND DATA BREACH RESPONSE INTERLOCAL AGREEMENT</u>

HR Director/Assistant City Manager Frazier presented the staff report. Since 2016, when the TML Risk Pool first began offering Cyber Liability and Data Breach Response Coverage ("Cyber Coverage"), cyber claims within the Risk Pool have exponentially increased in both frequency and severity. Future cybercriminal activity is impossible to predict, which means neither the Pool nor any other insurer can rely on past patterns and trends to predict future losses. TML Board of Trustees recently created a new Cyber Fund and approved changes to the Pool's Coverage structure, effective on October 1, 2024. To continue Cyber Coverage each city is required to "opt-in" by completing and returning a Cyber Interlocal Agreement to participate in the newly-created Cyber Fund. There was a brief discussion. Councilman Sellers made a motion to approve the resolution as presented. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

<u>DISCUSSION/ACTION ON RESOLUTION NO. 1435 APPROVAL OF THE CITY OF SULPHUR SPRINGS WATER CONSERVATION CONTINGENCY PLAN</u>

Director of Utilities Jordan presented the staff report. In order to comply with the provisions of the Texas Water Code, City staff has prepared a Water Conservation and Drought Contingency Plan for the City of Sulphur Springs. This plan will help to protect our water resources and outline specific actions to be taken during each stage of drought. There was a brief discussion. Councilman Julian made a motion to approve the resolution as presented. Councilman Sellers seconded and the vote was unanimous.

The motion carried.

<u>DISCUSSION/ACTION ON RESOLUTION NO. 1436 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</u>
Finance Director/Assistant City Manager 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 City council appointed 3 directors for two-year terms in August of 2022 which will end in August 2024. This resolution is to appoint 3 council members to the board. Council will need to designate one of the appointments as chairman as well. The board meets in January of each year. Other than the annual January meeting, meetings will only be held as needed. These appointments are for TIRZ #1 which is for downtown. Council recently appointed the same directors and chairman to the TIRZ #2 board for Thermo. Annual meetings for each board will be conducted separately but held on the same date. There was a brief discussion. Councilman Law made a motion to approve the resolution as presented. Councilman Julian seconded and the vote was unanimous.

The motion carried.

<u>DISCUSSION/ACTION ON RESOLUTION NO. 1437 A RESOLUTION OF THE CITY OF SULPHUR SPRINGS, TEXAS, TO AUTHORIZE THE MAYOR TO APPLY/ACCEPT A GRANT AWARD "CATALYTIC CONVERTER GRANT" THROUGH THE MOTOR VEHICLE CRIME PREVENTION AUTHORITY (MVCPA)</u>
Chief of Police Ricketson presented the staff report. A resolution of the City of Sulphur Springs, Texas, to authorize the Mayor to apply/accept a grant award "Catalytic Converter Grant" through the Motor Vehicle Crime Prevention Authority (MVCPA). This grant will fund the lease and installation of "Flock" license plate reader (LPR) cameras throughout the city. The cameras will be used to collect license plate data to assist in criminal investigations. The cameras have shown to be beneficial in identifying vehicles that are used in criminal acts such as burglary of homes and vehicles, catalytic converter thefts and stolen vehicles. Participation in this grant will allow for the one-year lease of eight (8) or more "Flock" camera systems**.**

Councilman Julian addressed the council with concerns by saying, "I am opposed. My primary concern is the accumulation of tacking data on the movements of our citizens.

Such data collection poses a significant threat to our privacy and can lead to unintended consequences. FLOCK Safety cameras represent a gateway technology to a surveillance state, which I strongly oppose. I want to make it clear that my opposition to these cameras should not be interpreted as a lack of support for our local police department. I have great respect and gratitude for the work our police officers do to keep our community safe. My concern lies solely with the implications of increased surveillance and the potential erosion of our civil liberties." He also noted that he reviewed the following due diligence materials and did not identify any concerns relating to Information Security:

- SOC2, Type2, System & Organizational Controls report 84 pages, listed 87 controls tested, no significant exceptions noted. Lists 11 complimentary User Entity Controls.
- Consensus Assessment Initiative Questionnaire 90 pages
- SIG Lite 5 pages
- Third Party Penetration Test, noted one minor Concern but can't disclose it in pubic due to NDA that was signed.
- Certificate of Insurance

Due to NDA that Councilman Julian signed, he explained that he may not comment other than to say that he is satisfied with what he read.

There was a brief discussion about camera placement.

Councilman Aguilar made a motion to approve the resolution as presented. Councilman Law seconded and the vote was as follows:

AYES: NASH, AGUILAR, HARRISON, SPRAGGINS, LAW, SELLERS
NOES: JULIAN

The motion carried.

DISCUSSION/ACTION ON RESOLUTION NO. 1438 A RESOLUTION OF THE CITY OF SULPHUR SPRINGS, TEXAS, TO AUTHORIZE THE CITY MANAGER TO EXECUTE A MULTIPLE USE AGREEMENT WITH TEXAS DEPARTMENT OF TRANSPORTATION. ALLOWING THE INSTALLATION AND OPERATION OF AUTOMATED LICENSE PLATE READER CAMERAS IN TEXAS DEPARTMENT OF TRANSPORTATION RIGHT OF WAYS

Chief of Police Ricketson presented the staff report. This is a resolution of the City of Sulphur Springs, Texas, to authorize the City Manager to execute a multiple use agreement with Texas Department of Transportation. Allowing the installation and operation of automated license plate reader cameras in Texas Department of Transportation right of ways. There was brief discussion. Councilman Harrison made a motion to approve the resolution as presented. Councilman Law seconded and the vote was as follows:

AYES: NASH, AGUILAR, HARRISON, SPRAGGINS, LAW, SELLERS
NOES: JULIAN

The motion carried.

DISCUSSION/ACTION ON A MOTION TO APPROVE AN AMENDMENT TO THE 2019-2023 CAPITAL IMPROVEMENTS PLAN FOR TO PROVIDE FOR ADDITIONAL CURB REPLACEMENT ON HOLIDAY DRIVE AND ALABAMA STREET, AND TO PROVIDE FOR INCREASED COSTS OF MATERIALS AND LABOR SINCE THE PLAN WAS ADOPTED

Manager Maxwell presented the staff report. Holiday Drive and Alabama Street respective CIP cost estimates assumed the replacement of a portion of the curb and gutter (C&G), but not all of it. Partial replacement was chosen to stretch the CIP dollar. In retrospect this appears to be a mistake, and staff proposes to rectify it with this CIP amendment. Staff proposes to install 100% new C&G on Holiday Drive and Alabama Street. Holiday Drive originally planned for the replacement of 630 feet of C&G out of a total of 2,930 feet, or 22%. This proposal will add $92,207 additional cost to the Street component for Holiday Drive. Alabama has 4,240 feet of C&G, but none was scheduled for replacement. As it turns out 1,780 feet, or 42% of C&G must be removed to replace the sewer line anyway. Thus the Sewer line item for Alabama will increase by $93,475. The Street line item will increase $129,525. Additionally, the cost of materials and labor have increased since 2019, and the increase is reflected in the proposed estimates for Alabama Street.

The current/proposed cost estimate for Holiday Drive is as follows:

	Existing Estimate	Proposed Estimate	Change
Water	$866,193	$866,193	0
Sewer	335,663	335,663	0
Drainage	308,145	308,145	0
Street	133,786	133,786	$92,207
Total	**$1,643,787**	**$1,735,994**	**$92,207**

The current/proposed cost estimate for Alabama Street is as follows:

	Existing Estimate	Proposed Estimate	Change
Water	$352,234	$691,100	$338,866
Sewer	352,900	491,500	138,600[1]
Drainage	0	0	0

Street	113,873	260,200	146,327[2]
Total	**$819,007**	**$1,442,800**	**$623,793**

1 - $93,475 is attributable to new curb & gutter.

2 - $129,525 is attributable to new curb & gutter.

Staff's reasoning for the change is twofold. First, it sends the wrong message to the taxpayer to replace only a portion of the C&G. We spend a couple million dollars on a project doing a fantastic job on water, sewer, drainage, and then when we get to the end game, the part that the public sees, we cut corners. It's obvious when you look at a newly completed CIP project that we skimped on C&G. This reinforces the negative beliefs that taxpayers hold about local government. Second, just because a curb is in decent shape and in the right orientation doesn't mean it will stay that way. Curbs and gutters move. They sink, they rise, they tilt forward and backward, and they break…especially old ones. When the expected life of a street is 30+ years it is prudent to assume that new C&G will deteriorate and old C&G will get even worse. In the future all proposed CIP projects, which by definition are complete rebuilds, will include complete C&G replacements. Street Improvement Plan (SIP) projects will continue to include partial C&G replacements, if any, because they are not complete rebuilds, but rather are just overlays. It is likely that no other CIP street projects beyond Alabama will be undertaken for 2025 since we expect to be very busy out at Thermo. Staff expects to bring a new proposed CIP to the city council in 2025. There was a brief discussion. Councilman Harrison made a motion to approve the amendment as presented. Councilman Sellers seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON BIDS AND AWARD OF CONTRACT FOR CHEMICALS TO BE USED AT THE WATER TREATMENT PLANT, WASTEWATER TREATMENT PLANT

Director of Utilities Jordan presented the staff report. The City advertised for bids on the following chemical to be used at the Water Treatment Plant, Wastewater Treatment Plant:

Alum

Alum Copper Sulfate Blend

Chlorine / Sulfur Dioxide

Liquid Ammonium Sulfate

Ortho/Poly Phosphate Blend

The bids received on July 15, 2024 are as follows:

Alum

Univar USA INC	$ 394.00 per dry ton
Afinity Chemical	$ 370.00 per dry ton
Chameleon Industries	$ 355.00 per dry ton
Chemtrade	$ 347.60 per dry ton
Gasochem	$ 419.00 per dry ton
Hawkins	$ 667.00 per dry ton
Usalco	$ 563.18 per dry ton

Alum Copper Sulfate Blend 2%

Chameleon Industries	$ 555.00 per dry ton

Chlorine / Sulfur Dioxide

Brenntag	$ 2040.00-ton Chlorine
	$ 2000.00-ton Sulfur Dioxide

Liquid Ammonium Sulfate

Chameleon Industries	$ .1600 lb wet weight
Chemtrade	$ .1800 lb wet weight
Brenntag	$ .2100 lb wet weight
Univar USA INC	$ .2800 lb wet weight
Baker Services Inc	$ .1700 lb wet weight

Ortho/Polyphosphate

Shannon Chemical	$ .79 lb wet weight
Brenntag	$ .1.18 lb wet weight
Chemright	$ .66 lb wet weight
Baracuda Oilfield Services	$ .1.51 lb wet weight
George S. Coyne Co.	$ .67 lb wet weight

There was a brief discussion. Councilman Spraggins made a motion to approve the lowest bids as presented. Councilman Law 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

Finance Director/Assistant City Manager Smith 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 twelve 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. In 2021, our medical claims were $463,417, prescriptions were $394,289 for total claims of $857,706. In 2022, our medical claims were $935,023 and prescriptions were $291,680 for total claims of $1,226,703. In 2023, our medical claims were $831,138 and prescriptions were $298,076 for total claims of $1,129,214. For this year, medical claims are estimated to come in at $750,000 and prescription claims are estimated at $350,000 for a total of $1,100,000. These projected claims amounts are net of the stop loss reinsurance reimbursement we have received so far, if any. The City received proposals from four reinsurance carriers: Blue Cross Blue Shield(BCBS), Companion Life Insurance, Berkshire Hathaway, and Highmark (HM Life). Attached are the results from the proposals from the carriers listed above. Berkshire Hathaway has the lowest fixed cost by $23,170 but that fixed cost does not include additional cost that BCBS will add for insurance reporting to a third party. You can see that in the years 2018 and 2019 when the City had HM Life, our administration costs were higher. In addition to fixed costs, staff also consider 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, BCBS 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 slightly lower risk for unexpected claims from previous years that could have been improperly billed. The other 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 BCBS proposal has the lowest attachment point at $1,725,096 followed by Berkshire Hathaway at $1,728,248. Staff is recommending that the contract be awarded to BCBS despite the Berkshire Hathaway proposal appearing to be lower than BCBS on the surface. By renewing with BCBS, there is less risk to our health plan overall with the paid basis contract. Another deciding factor is that with BCBS, 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. Berkshire Hathaway could take several days or weeks for us to receive reimbursement.

Lesa Smith, Gordon Frazier and Oscar Aguayo graded the proposals based on the matrix in the RFP. The total score for each proposal is on the attachment.

The following is the last 4 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 - $32,769
FY 2023 - $289,773
FY 2024 - $11,618 through 07/19/2024
This is a one-year contract for September 1, 2024, to August 31, 2025.
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 2024 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, 2024. There was a brief discussion. Councilman Spraggins made a motion to approve Blue Cross Blue Shield for the reinsurance as staff recommended. Councilman Law seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON A CONTRACT BETWEEN THE CITY OF SULPHUR SPRINGS AND KIMLEY HORN, FOR DESIGN SERVICES FOR TPWD GRANT FOR BUFORD PARK MIRACLE LEAGUE FIELD

Director of Community Development/Assistant City Manager Niewiadomski presented the staff report. The City of Sulphur Springs applied for a TPWD grant in 2023 to improve Buford Park and has since been awarded the grant. The city has a budget of $1,071,000 for this project with 50/50 match. The budget for the project includes $957,000 for construction and $114,000 for professional services. The Bright Star Baseball Association is contributing $184,000 and the city is contributing $351,500 in match to include cash, force account labor and equipment. The City advertised the project in June in the paper and posted on Civcast. The Request for Qualifications (RFQ's) were received on July 9th and the city received 6 submissions. Submissions were evaluated to determine the most qualified respondents by the review committee. Kimley Horn was deemed to be the highest qualified respondent. Staff then reviewed Kimley Horn's proposal and negotiated an acceptable fee within the guidelines of the grant. Kimley Horn's proposal is $114,000 in Design services. There was a brief discussion. Councilman Law made a motion to approve the award of contract to Kimley Horn. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON THE APPROVAL OF AN ENGAGEMENT LETTER WITH VAIL & PARK, P.C. FOR FISCAL YEAR 2024 AUDIT SERVICES, AUTHORIZING THE CITY MANAGER TO SIGN ENGAGEMENT LETTER

Finance Director/Assistant City Manager Smith presented the staff report. Section 103.001 of the Local Government Code requires that a municipality have its records and accounts audited annually and shall have annual financial statements prepared based on the audit. A municipality shall employ, either as a regular employee or by contract, a certified public accountant who is licensed in this state or a public accountant who holds a permit to practice from the Texas State Board of Public Accountancy to conduct the audit and to prepare the annual financial statements. Vail & Park performed the FY 2022 and FY 2023 financial audits, and it would be beneficial for the City to continue to use them once again due to the amount of staff time it takes to get an auditing firm acquainted with all of the city's financial information, processes and procedures. The attached engagement letter provides details on their services, along with the timeline, and costs including the single audit that will be needed for grant expenditures. If approved, the firm will begin working with the City in September to assess and review the City's internal controls, procedures and other planning as needed. The principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. Under Chapter 2254 of the Government Code, "A governmental entity may not select a provider of professional services or a group or association of providers or award a contract for the services on the basis of competitive bids submitted for the contract or for the services, but shall make the selection and award:

(1) on the basis of demonstrated competence and qualifications to perform the services; and

(2) for a fair and reasonable price."

Staff considers it of high importance that the independent auditor has a demonstrated commitment to the state and local government audit practice. This commitment is shown by the firm's membership is the AICPA's Government Audit Quality Center. This membership requires ongoing continuing education in government audit related studies which is not typically required for a CPA. Of over 1,473 peer reviewed firms in Texas (meaning they provide audit and/or attestation services), only 173 have membership with the AICPA Government Audit Quality Center. If for any reason staff and/or council are not satisfied with the audit services, City staff can request qualifications next year. There was a brief discussion. Councilman Julian made a motion to approve the engagement letter with Vail and Park as recommended by staff. Councilman Law seconded and the vote was unanimous.

The motion carried.

AN EXECUTIVE SESSION WAS HELD IN ACCORDANCE WITH TEXAS GOVERNMENT CODE, TITLE 5, CHAPTER 551 - §551.071, CONSULTATION WITH ATTORNEY; AND §551.087 DELIBERATIONS REGARDING ECONOMIC DEVELOPMENT: THERMO 2 AND THERMO 3; AND ECONOMIC DEVELOPMENT REGARDING LAND LEASE

At 7:55 p.m. Councilman Sellers made a motion to move into Executive Session. Councilman Julian seconded and the vote was unanimous.

The motion carried.

RECONVENE

Mayor Nash reconvened into open session at 8:58 p.m.

DISCUSSION/ACTION ON EXECUTIVE SESSION ITEM, IF ANY

Councilman Julian said, "I move to direct the city manager to notify counterparties in the Thermo 2 project of the city's intent to terminate negotiations, and further direct the city attorney to prepare pleadings for legal action discussed in executive session." Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON RESOLUTION NO. 1430 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS APPROVING A MINERAL RIGHTS LEASE TO TEXAS LONE STAR BRINE LLC ON BEHALF OF STANDARD LITHIUM

Councilman Law recused himself and left the council chambers. Councilman Julian made a motion to approve the lease. Councilman Aguilar seconded and the vote was as follows:

AYES: JULIAN, NASH, AGUILAR, HARRISON, SPRAGGINS, SELLERS
NOES: None
ABSTAIN: LAW

The motion carried.

VISITORS AND PUBLIC FORUM

Jaci Wyatt addressed the council. She is a student at A&M Commerce pursuing her master's degree in social work. She was assigned to identify a problem and present a possible solution to a body of decision makers. The problem she identified in the community was animal abandonment on the outskirts of the community. Her proposed solution was to increase the funding for the animal shelter to fund an expansion and ultimately house more animals.

ADJOURN

With all business complete the meeting was adjourned at 9:01 p.m.