

**CITY OF SULPHUR SPRINGS, TEXAS
REGULAR MEETING OF THE
CITY COUNCIL
August 5, 2025
7:00 p.m.**

The following council members and staff were present:

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

Absent: 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
Lesa Smith, Finance Director/Assistant City Manager
Gordon Frazier, H.R. Director
Bryan Craig, Director of Capital Construction
Chris Brown, Director of EDC
Jason Ricketson, Chief of Police
Andrew Friedman, SAMCO
Jeff Gulbus, MPH

CALL TO ORDER

Mayor Law called to order the regular meeting of the Sulphur Springs City Council at 7:00 p.m.

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

Mayor Law led in the pledge of allegiance to the United States Flag and the Texas Flag, and the invocation.

PRESENTATIONS PROCLAMATIONS AND ANNOUNCEMENTS

Councilman Julian stated, “I want to take a moment tonight to recognize four members of our city’s Parks and Recreation team and three trustees who quietly did something extraordinary over the July 4th weekend. After a night when Pacific Park was unfortunately left in a sad state—littered with fireworks debris and trash—Kade Brown, Mizael Romero, Serafin Madrigal, Angel Garcia, Craig Clark, Quintin Latham and Tony Pease stepped up. On a Saturday morning, during a holiday weekend, they gave their time, their energy, and their pride to restore the park to the condition our residents deserve. While it’s disappointing that a handful of individuals chose to disrespect one of our city’s nicest public spaces, I want the record to reflect my deep appreciation for those who chose to honor it instead. To Kade, Mizael, Serafin, Angel, Craig, Quintin and Tony—thank you. You didn’t just clean up a mess. You demonstrated what civic pride looks like in action. Your work matters, and your commitment does not go unnoticed. This council member is grateful.”

Mayor Law presented the proclamation:

HEALTHCARE WEEK PROCLAMATION

Whereas, For nearly 60 years, Community Health Centers have provided high-quality, affordable, comprehensive primary and preventive health care in our nation’s medically underserved communities; and

Whereas, Community Health Centers are a critical element of the nation’s health system, serving rural populations 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; and

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

Whereas, Community Health Centers are locally owned and operated small businesses that help to power local economies by generating \$118 billion in economic activity; and

Whereas, The Community Health Center model continues to prove an effective means of overcoming barriers to healthcare access, including geography, income, and insurance status – improving health outcomes and reducing healthcare system costs; and

Whereas, National Health Center Week offers the opportunity to celebrate America’s nearly 1,500 Community Health Center organizations with over 16,000 service delivery sites. We honor their dedicated staff, board members, patients, and all those responsible for their continued success and growth since the first health centers opened their doors nearly 60 years ago; and

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, Tyler Law, Mayor of the City of Sulphur Springs, and on behalf of the City Council, proclaim August 3-9, 2025, 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.

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. A police officer sustained bruising and lacerations while attempting to restrain a fleeing arrestee. The officer returned to work with no lost time. A first report of injury was submitted to TMLIRP.

We also had one liability claim submitted by Frontier Communications regarding fiber damage on Carter Street. In addition, we received a formal notice under the Texas Tort Claims Act regarding a law enforcement incident involving a K-9 unit in April. Both were referred to TMLIRP for handling.

THERMO WATER LINE

Significant progress was made in July with the installation of 5,425 feet of 18" water line, bringing the total installed to 14,097 feet. Crews successfully crossed under two Atmos pipelines and the Delek Petroleum line. Fence lines along the old county road were also removed in preparation for continued work.

ALABAMA STREET

All concrete curb and gutter replacement on Alabama Street is complete. The project is now ready for pavement and cement stabilization.

STREET IMPROVEMENT PLAN (SIP)

The 2025 SIP is nearing completion. Foscue has been paved, and remaining street segments are under review for potential inclusion using residual funds from the Street Maintenance Fee.

2025 Street Improvement Program		
Street	From/To	Length
Hodge	Davis to Fisher and Texas to Brinker	925
South Davis	Lee to Industrial	1047
Debbie/Kayla/Price	Camp thru Cul de sac	961
Foscue	Jefferson to Weaver	808
Middle	Church to Mulberry	918
Turtle Creek	Main to end	702
Village	Linda to End	301
Ponder	Connally to Van Sickle	702

Sunset	Houston to RR	1193
Sprite	End to End	1109
Stacy/Beckton/C P Alley	Fuller to College	1244
Tate	Texas to Brinker	570
Michel	College to Gena	850
McGrede	Sprite to Lemon	1660
Lilly/Bird Cir.	MLK to Cul de sac	570
Ponder	Van Sickle to Houston	449
Levi/Cottonwood	End to End	988
Ingram	Texas to Locust	359
Locust	Tate to Bellview	449
Alphalt/Concrete repairs	Various	1000
Coleman Parking	Expansion	250 x 190
Camp	Texas to Brinker	550
Kimberly	End to end	675

REVENUES AND EXPENDITURES

Finance Director Lesa Smith will **NOT** present the monthly report of revenues and expenditures at the meeting. She will cover the same information in the budget presentation.

MISCELLANEOUS OPERATIONS

Elsewhere around the city, employees:

- Repaired 106 potholes.
- Cleaned out storm drains twice.
- Removed two fallen trees from roadways.
- Made road repairs due to sinkholes caused by storm drain failures.
- Sprayed herbicide at bridges and culverts.
- Picked up post-fireworks debris at boat ramps.
- Repaired a hazardous crossing at the Church Street railroad track.
- Installed 4,000+ feet of new water line and flushed multiple dead-end mains.
- Responded to 20 city sewer calls and 5 private sewer calls.
- Washed 89,000 feet of sewer lines and installed 2 new sewer taps.
- Treated wastewater to an average TSS of 0.64 mg/L.
- Hauled 771 tons of sludge to the landfill.
- Repaired lighting at the airport beacon, Buford Park, the Library, and Imagination Mt.

- Conducted systemwide electrical and siren repairs, including storm sirens at Loop 301 and College Street.
- Completed emergency generator diagnostics at Coleman Water Tower and Highway 11 Lift Station.
- Performed 43 fire inspections and maintained 68 fire hydrants while responding to 191 fire/rescue calls, including 1 structure fire, 1 vehicle fire, and 9 brush/other fires.
- Conducted 86 building inspections, 27 plumbing inspections, 21 electrical inspections, and 12 mechanical inspections. Issued 24 building permits and 68 trade permits.
- Responded to 1,965 police calls, including 24 accidents (5 injuries), 49 offenses, 459 citations, and 53 arrests.
- Achieved a 74% animal adoption rate, responding to 202 animal control calls and handling 26 animal pickups and 2 bite reports.
- Hosted 68 youth ballgames and 3 tournaments at Coleman Park.
- Prepared the Grays Building for 13 events and assisted with 86 senior center activities.
- Performed multiple repairs at Buford Park and airport grounds.
- Repaired irrigation, lighting, and landscape at city buildings and in the downtown area.
- Managed 2,610 airport operations and sold 5,475 gallons of AvGas and 8,385 gallons of JetA.
- Checked out 5,614 library items, with 950 eBook checkouts, 398 computer sessions, and 6,722 total visits. One new graduate was added through the COHS program.

DISCUSSION/ACTION ON CONSENT AGENDA

City Secretary Burling presented the staff report. Consider for approval the City Council Regular meeting minutes of 07/01/2025; City Council Special meeting minutes of 07/21/2025; Planning and Zoning Board Meeting Minutes of 07/01/2025; and 380 agreement for 930 College Street.

Councilman Julian made a motion to approve the consent agenda as presented. Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE NO. 2879, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS, ADOPTING THE TEXAS STATE LIBRARY AND ARCHIVES COMMISSION LOCAL RECORDS RETENTION SCHEDULES AS THE CITY'S OFFICIAL RECORDS CONTROL SCHEDULE PURSUANT TO

CHAPTER 203, TEXAS LOCAL GOVERNMENT CODE; PROVIDING FOR IMPLEMENTATION BY THE CITY SECRETARY; AND PROVIDING AN EFFECTIVE DATE

City Secretary Burling presented the staff report. In compliance with the Texas Local Government Records Act, the City of Sulphur Springs is required to establish a records management program by ordinance and designate a Records Management Officer (RMO). The proposed ordinance formally adopts the records retention schedules issued by the Texas State Library and Archives Commission (TSLAC), which establish the minimum legal requirements for how long city records must be retained. Adopting these schedules will ensure the City remains in compliance with state law and follows best practices for managing, storing, and legally disposing of official records. The ordinance also designates the City Secretary as the RMO to oversee the program. Councilman Spraggins made a motion to approve the ordinance as presented on the second and final reading. Councilman Nash seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING AND SECOND AND FINAL READING OF ORDINANCE NO. 2880 A REQUEST BY THE NATHAN CROUCH & DON ROUNDTREE FOR AN AMENDMENT TO THE COMPREHENSIVE ZONING ORDINANCE FROM “SF-6” SINGLE FAMILY 6 TO “PUD#2” PLANNED UNIT DEVELOPMENT #2 ON A 1.083 ACRE TRACT OF LAND COMPRISED OF LOT 3A & 12A, BLOCK 12, TOWN OF SULPHUR SPRINGS

Community Development Director/Assistant City Manager Niewiadomski presented the staff report. Proposed Planned Unit Development is to allow for the development of a MultiFamily/Townhome Style Development. The proposal is consistent with surrounding land use and meets the intent of the preliminary Downtown West design criteria. Don Rountree addressed the council letting them know he is excited to get started on the development. Councilman Julian made a motion to approve the ordinance on the first reading as presented. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE NO. 2881 AUTHORIZING THE ISSUANCE AND SALE OF CITY OF SULPHUR SPRINGS, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2025

Finance Director/Assistant City Manager Smith presented the staff report. This is the second reading of the Ordinance that authorizes the sale of \$7,000,000 of certificates of obligation (CO's). The proceeds from the sale will be used to construct an expansion to City Hall along with associated costs. The CO is structured to allow for any remaining funds (if any) to be used to design the drainage area to the west of City Hall. Bids for the sale will be received on August 5, 2025 at 11:00 A.M. and the second and final reading of the ordinance will be held at the council meeting on August 5th at 7:00 P.M.. We will not know the interest rate and final debt payments until August 5, 2025. If there are no interruptions to the proposed timetable, the City will receive the proceeds from the sale on August 20, 2025. Per the ordinance the proceeds can only be used for the following purposes:

- (1) designing, constructing and equipping an expansion and renovations to City Hall;
- (2) designing and constructing drainage improvements; and
- (3) paying fees for legal, fiscal, engineering, architectural and other professional services in connection with these projects (collectively, the "Project").

Approval of all matters related to issuance of these certificates of obligations requires the presence and approval of a minimum of 4 council members. All blanks in the ordinance will be completed prior to the Council's final approval. Approve on the second reading, Ordinance No. 2881 authorizing the issuance and sale of combination tax and revenue certificates of obligation. Andrew Friedman addressed the council and told them that the city had an A+ rating and the lowest bid was 4.111851%. There was a lengthy discussion. Councilman Spraggins made a motion to adopt Ordinance No. 2881 as presented on the second and final reading. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON PUBLIC HEARING AND FIRST READING OF ORDINANCE NO. 2882, ZC# 250701 ON A REQUEST BY HOPKINS COUNTY HOSPITAL DISTRICT TO REZONE PROPERTIES AT 1201, 1207 & 1211, CHURCH STREET, PARCEL #'S R8481, R8482 & R8483 FROM SINGLE FAMILY-6 TO LIGHT COMMERCIAL

Community Development Director/Assistant City Manager Niewiadomski presented the staff report. The applicant is proposing to rezone the property to Light Commercial District to accommodate permitted uses. The property is located on the west side of Church Street adjacent to other district properties. The property is surrounded by other commercial zoned properties. The proposed zoning would permit uses allowable in the Light Commercial District and is consistent with some of the other adjacent zoning & uses. Staff sent 15 certified letters to surrounding property owners within 200 feet. There were no responses in favor and none in opposition. Staff recommends approval of the request as submitted. The Planning and Zoning Commission held a Public Hearing and recommends approval. There was a brief discussion and there was no one else to speak to the issue. Councilman Julian made a motion to approve the ordinance as presented. Councilman Nash seconded and the vote was unanimous.

The motion carried.

**DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2883
PROHIBITING THE SALE, USE, POSSESSION, AND DISTRIBUTION OF
KRATOM (MITRAGYNA SPECIOSA) AND KRATOM-CONTAINING
PRODUCTS WITHIN THE CITY OF SULPHUR SPRINGS**

Chief of Police Ricketson presented the staff report. This item proposes a local ordinance to ban kratom and kratom-derived products within city limits. Kratom is an herbal substance derived from a Southeast Asian tree, marketed as a supplement but known to have opioid-like effects at higher doses and stimulant effects at lower doses. It is unregulated at the federal level, not approved by the FDA, and has been linked to severe health risks including addiction, seizures, liver damage, and overdose deaths. The ordinance is designed as a preventative public health measure. While no documented cases of kratom-related emergencies currently exist in Sulphur Springs, the substance is readily available at retail locations regionally and locally. Other cities in Texas and nationwide—such as Anna, TX; Brookhaven, MS; and Marion, IL—have already implemented bans in response to public safety concerns. Those cities cite rising calls to poison control, psychotic behavior, hospitalizations, and fatalities linked to kratom use. Enacting a local ordinance would position Sulphur Springs ahead of potential problems, consistent with its duty to protect public health and safety. The ordinance is lawful under Texas statutes, which do not preempt municipal control over kratom at this time.

- Kratom is not scheduled as a controlled substance under federal law, and remains legal for adults under Texas law. However, both the FDA and DEA have issued multiple public warnings.
- State-level efforts to ban or regulate kratom are ongoing but not finalized; cities retain full authority to act locally.
- Kratom has been linked to addiction, psychosis, seizures, liver damage, and fatal overdoses, with product quality and dosage inconsistent due to lack of federal oversight.
- Nearby cities have passed similar bans, citing overwhelming health risk evidence and public testimony.
- Sulphur Springs has not yet recorded kratom-related public safety events, which presents an opportunity to act proactively rather than reactively.
- The ordinance allows the City to regulate this substance in the absence of state or federal bans, and it can be revised later to align with any future legislation.
- Legal authority: No federal or state law currently prohibits local bans; municipal action is lawful under Texas police powers.
- Public communication: A communications plan is recommended to raise public awareness and clarify the reasoning behind the ordinance, especially since kratom is often sold as “herbal” or “natural.”

- Enforcement: Penalty and enforcement provisions should align with the City’s existing nuisance or health-related code enforcement mechanisms.
- Monitoring: Staff recommends monitoring public health trends and revisiting the ordinance periodically.
- Health equity: Some users may rely on kratom for pain or withdrawal; referrals to proper treatment or health care alternatives may support transition.
- Regional consistency: Coordination with surrounding jurisdictions could improve enforcement and public understanding.

Derek and Christi Funderburk address the council expressing support for the Ordinance. Mr. Funderburk told his story of addiction to 7-OH, a product sold over the counter. Mrs. Funderburk explained the cost to her family, financially and emotionally.

Councilman Julian stated, “Ordinance 2883, proposes a ban on kratom in Sulphur Springs. I realize the item is presented as a preventative health measure, and I don’t question the sincerity of that intention. But I do question the speed at which we’re being asked to move. I’ll be honest with you; before last Thursday evening when the council agenda dropped, I had never even heard of kratom. And I’m willing to bet I’m not the only one up here in that boat. Since then, I’ve done my best to read up on it—and I can tell you, the information out there is complex, inconsistent, and in many cases, incomplete. For something we’ve only just become aware of, I don’t believe we’ve had near enough time to responsibly study the facts or evaluate the local need for such a ban. Information provided within our council meeting packets indicate that other cities have banned kratom. That may be true. But to date, have there been any documented public health incidents involving kratom in Sulphur Springs, any hospitalizations, any calls to poison control, any arrests relating to kratom? We do not have those answers. And yet, this ordinance puts us on track to criminalize possession and sale of something that remains legal under both Texas and federal law—something many adults use responsibly for chronic pain or as an alternative to other medications. That ought to give us pause. As council members, we have a duty to look before we leap. That means doing our homework, seeking input from credible experts and medical professionals—not just borrowing actions from other cities without context. To me, this feels less like proactive leadership and more like reaching for a hammer before we’ve even measured the problem. I believe that acting hastily on this issue—without clear justification or substantial review—could set a precedent we’ll regret. There may come a time when this ordinance is appropriate. But tonight is not that time. We’ve had this on our radar for less than a week. And passing a city-wide ban on anything in that kind of timeframe, with this level of consequence, is not wise governance. It’s reactionary. I think we owe it to our citizens to take a breath, dig deeper, and approach this the right way. I would respectfully ask the council to postpone action on this item until we’ve had time to do our due diligence. That includes gathering data, engaging stakeholders, and

understanding the full scope of what this ordinance could mean for Sulphur Springs—today and down the line." There was a lengthy discussion. Councilman Spraggins made a motion to table the Ordinance until the council could learn more about Kratom. Councilman Harrison seconded and the vote was as follows:

AYES: JULIAN, NASH, AGUILAR, HARRISON, SPRAGGINS.

NOES: LAW

ABSTAIN: NONE

The motion carried.

**DISCUSSION/ACTION ON FIRST READING OF ORDINANCE NO. 2884
AMENDING CHAPTER 5A OF THE CODE OF ORDINANCES REGULATING
VIDEO GAMING BUSINESSES**

Chief of Police Ricketson presented the staff report. This item proposes the adoption of Ordinance No. 2884, which serves as a replacement for Ordinance No. 2810 regulating video gaming businesses in Sulphur Springs. The 2022 ordinance (No. 2810) modernized key definitions and introduced zoning, licensing, and advertising restrictions to respond to an increase in video game devices and illicit gaming activity. The previous rules dated back to Ordinance No. 889 (1982). The updated ordinance corrects a definitional flaw, improves legal clarity, and ensures that video gaming businesses remain appropriately zoned and regulated in accordance with City intent and state law. The ordinance does not legalize any device or conduct prohibited under Texas law.

It reinforces local regulatory authority while providing clarity for business owners and enforcement personnel. Consistent with the City's longstanding policy to allow legal amusement gaming in appropriate industrial zones with strict safeguards. The ordinance maintains the 1,500-foot distance requirement between gaming facilities and sensitive land uses such as residences, churches, parks, schools, and hospitals. The clarified language removes ambiguity and strengthens legal enforceability. Repeals Ordinance No. 2810 in its entirety and includes revised provisions for severability, publication, and legal effect. Councilman Julian asked if the zone change would anyone be grandfathered in. Community Development Director/Assistant City Manager Niewiadomski stated that no one met the criteria in the commercial zone. Councilman Spraggins made a motion to approve the ordinance as presented. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

**DISCUSSION/ACTION ON RESOLUTION NO 1491 OF THE CITY OF SULPHUR
SPRINGS SUSPENDING THE JULY 31, 2025 EFFECTIVE DATE OF ONCOR
ELECTRIC DELIVERY COMPANY'S REQUESTED RATE CHANGE TO**

PERMIT THE CITY TIME TO STUDY THE REQUEST AND TO ESTABLISH REASONABLE RATES

Manager Maxwell presented the staff report. Oncor Electric Delivery Company ("Oncor" or "the Company") filed an application on or about June 26, 2025 with cities retaining original jurisdiction seeking to increase system-wide transmission and distribution rates by about \$834 million or approximately 13% over present revenues. The Company asks the City to approve a 12.3% increase in residential rates and a 51.0% increase in street lighting rates. If approved, an average residential customer would see a bill increase of about \$7.90 per month. The resolution suspends the July 31, 2025 effective date of the Company's rate increase for the maximum period permitted by law to allow the City, working in conjunction with the Steering Committee of Cities Served by Oncor, to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue. The law provides that a rate request made by an electric utility cannot become effective until at least 35 days following the filing of the application to change rates. The law permits the City to suspend the rate change for 90 days after the date the rate change would otherwise be effective. Councilman Spraggins made a motion to approve the resolution as presented. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON RESOLUTION NO. 1492 ADOPTING TITLE VI NONDISCRIMINATION PROGRAM IN ACCORDANCE WITH FEDERAL REQUIREMENTS

Community Development Director/Assistant City Manager Niewiadomski presented the staff report. The city is required to adopt a Title VI Nondiscrimination Program, as required by the Texas Department of Transportation (TxDOT) for recipients of federal funding. Following a recent Title VI audit conducted by TxDOT, the City received notice that our existing policies and procedures did not fully comply with federal Title VI requirements. The Title VI program ensures that no person shall, on the grounds of race, color, national origin, sex, age, disability, low income, or limited English proficiency (LEP), be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any federally funded program or activity. In order to remain eligible for current and future federal transportation funding, the City must bring its Title VI program into full compliance within 90 days of the audit letter, dated June 11, 2025. Councilman Harrison made a motion to approve the resolution as presented. Councilman Aguilar seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON AWARD OF BID FOR BUFORD PARK MIRACLE LEAGUE FIELD TPWD GRANT #48-01277

Director of Parks Maynard presented the staff report. City staff published notices in the paper on Saturday June 14, and Saturday June 21st, and posted the Request for Proposal on Civcast for the complete construction of the Miracle League Field. There was a non-mandatory virtual pre-bid meeting on June 26, 2025. The City received 10 sealed proposals on July 15, 2025. The low bid came from TCMC Commercial, LP for \$1,431,504.00 base bid with an alternate bid of \$112,145.08 for a total of \$1,543,649.08. The cost of furnishings and equipment in the concession as well as parking is not included in the bids from contractors and will likely be an additional \$90,325.00. This will bring our total cost of construction to \$1,634,974.08. Since July of 2024, City Staff along with Bright Star Baseball and Kimley-Horn have been working diligently to design the Miracle League Field and Amenities that meets all of our needs, and will provide for a great facility for many years to come. This project is part of the TPWD grant. The grant will pay up to \$535,000.00 for the construction of the facility. Bright Star Baseball has donated \$184,000, the City has budgeted \$351,500.00 for this project bringing our total funds available to \$1,071,000.00. With the funds that are available this will leave us with a shortage of \$563,974.08 plus the \$125,000. For Kimley-Horn for a total shortage of **\$687,974.08**. All bids came in significantly higher than we were anticipating. Therefore, Staff recommends that the council reject all bids and have plans redesigned to accommodate our budget. Manager Maxwell explained that at first he thought the bids were taking advantage of the city but after a closer look decided that the whole project is grossly oversized. He explained that we could possibly redesign and contract it out ourselves to lower the shortage amount by more than half. Donna Williams addressed the council letting them know that they fully support the City becoming the general contractor. There was a lengthy discussion. Councilman Julian made a motion to reject all bids. Councilman Harrison 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 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. In 2024, our medical claims were \$524,462 and prescriptions were \$354,703 for total claims of \$879,165. For this year, medical claims are estimated to come in at \$750,000 and prescription claims are estimated at \$425,000 for a total of \$1,175,000. These projected claims amounts are net of the stop loss reinsurance reimbursement we have received so far, if any. The City received proposals from five reinsurance carriers: Blue Cross Blue Shield (BCBS), Companion Life Insurance, Berkshire Hathaway, QBE and Sun Life. Attached are the results from the proposals from the carriers listed above. Berkshire Hathaway has the lowest fixed cost by \$13,637 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 2019 when the City had HM Life, our administration costs were \$17,665 higher than they are today. 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's claims reach 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 maximum plan cost under the BCBS proposal is \$2,180,413. This is total of the annual attachment point and fixed costs. Staff recommends that the contract be awarded to BCBS. BCBS would have the lowest fixed cost once additional costs for reporting were added to other proposals. 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. All other proposals could take several days, weeks or even months for 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 are the last 5 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 - \$33,915

FY 2025 - \$84,754 through 7/18/2025

This is a one-year contract for September 1, 2025, to August 31, 2026.

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 the early part of August 2025 without an approved and executed contract. If a contract is not awarded at this meeting, the City health plan would become responsible for all claims as of September 1, 2025.

Councilman Spraggins made a motion to approve the award the contract for reinsurance to BCBS. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON AUTHORIZING THE CITY MANAGER TO EXECUTE CHANGE ORDER NUMBER 1 IN THE AMOUNT OF -\$240,124 TO A CONSTRUCTION CONTRACT WITH TERRY BLACK CONSTRUCTION FOR THE THERMO WATER AND SEWER BORES PROJECT FOR A REVISED CONTRACT AMOUNT OF \$745,284

Community Development Director/Assistant City Manager Niewiadomski presented the staff report. City Council awarded the contract for the Thermo Water and Sewer Bores project to Terry Black Construction on May 6, 2025. The original scope included three bores with 36" casing: two bores of 667 linear feet and one bore of 90 linear feet, totaling 1,424 feet at a contract amount of \$985,408. Following the bid award, staff was directed to change the original alignment along the chain of lakes to route water along the proposed Trinity Parkway to serve more immediate development needs and development obligations. This directive eliminates one of the 667' bores and would result in more than a 25% change order deduct, which requires rebidding the project. To remain within the 25% threshold, it was recommended to substitute two shorter 160' bores under FM 1870 to serve the Blackard Companies site since the city is obligated to stub water and sewer to that property in the future. This proposed change order results in a 24.36% reduction from \$985,408 to \$745,284. However, since it is more than a \$50,000 change order, it requires City Council authorization. There was a brief discussion. Councilman Spraggins made a motion to approve the execution of the change order by the City Manager. Councilman Nash seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON DOWNTOWN REVITALIZATION BOARD APPOINTMENT

City Secretary Burling presented the staff report. The Downtown Revitalization Board currently has a vacancy for a member with a term expiring in June 2026. The board is

tasked with providing recommendations, guidance, and support for efforts to preserve and enhance the downtown area. Membership requires that the appointee reside within city limits or the ETJ (Extraterritorial Jurisdiction), or own a business in the downtown area. Staff has received an application from Charity Pepys, who meets the eligibility criteria as a downtown business owner. There was a brief discussion. Councilman Julian made a motion to appoint charity Pepys to the Downtown Revitalization Board. Councilman Law seconded and the vote was unanimous.

The motion carried.

VISITORS AND PUBLIC FORUM

Joann Kelly Hunter addressed the council expressing concern for people that walk for exercise being attacked by dogs. She expressed the need for fences in pet owners' yards to contain their pets.

AN EXECUTIVE SESSION WILL BE HELD IN ACCORDANCE WITH TEXAS GOVERNMENT CODE, TITLE 5, CHAPTER 551 - §551.071, CONSULTATION WITH ATTORNEY; §551.087 DELIBERATIONS REGARDING ECONOMIC DEVELOPMENT: THERMO 4,5,6,7 AND 8 AND PROJECT MAVERICK; AND SECTION 551.074, PERSONNEL MATTERS, SPECIFICALLY RELATING TO CITY ATTORNEY

Councilman Spraggins made a motion to move into executive session in accordance with Texas government code, title 5, chapter 551 - §551.071, consultation with attorney; §551.087 deliberations regarding economic development: Thermo 4,5,6,7 and 8 and project Maverick; and section 551.074, personnel matters, specifically relating to city attorney. Councilman Nash seconded and the vote was unanimous.

The motion carried.

Councilman Law made a motion to close executive session. Councilman Spraggins seconded and the vote was unanimous.

The motion carried.

Mayor Law reconvened into open session at 8:17 p.m.

DISCUSSION/ACTION ON EXECUTIVE SESSION ITEM, IF ANY

Councilman Spraggins made a motion to authorize the City Manager to enter into a contract with Nate Smith as full time City Attorney. Councilman Nash seconded and the vote was unanimous.

The motion carried.

ADJOURN

With all business complete the meeting was adjourned at 8:32 p.m.

