

**CITY OF SULPHUR SPRINGS, TEXAS
SPECIAL MEETING OF THE
CITY COUNCIL
September 18, 2025
5:30 p.m.**

The following council members and staff were present:

Mayor Tyler Law
Councilman Jay W. Julian
Councilman Harold Nash Sr
Councilman Tommy Harrison
Councilman Gary Spraggins

Absent: Mayor Pro Tem Oscar Aguilar
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
Jason Ricketson, Chief of Police
Chris Brown, Director of EDC

The special meeting of the Sulphur Springs City Council was held at 5:31 p.m. on Thursday September 18, 2025.

CALL TO ORDER

Mayor Law called to order the regular meeting of the Sulphur Springs City Council at 5:31 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, the Texas Flag, and led the invocation.

PUBLIC HEARING ON PROPOSED FY 2026 FISCAL YEAR

Mayor Law opened the hearing at 5:32 pm. There was no one to speak to the issue. Mayor Law closed the hearing at 5:33 pm.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE

NO. 2885 ADOPTING THE FY 2026 BUDGET AND APPROPRIATING CERTAIN FUNDS AND DIRECTING THEIR EXPENDITURE

Finance Director/Assistant City Manager Smith presented the staff report. This second and final reading of the budget ordinance includes all funds for next budget year which begins on October 1st. This is a \$61,893,485 total budget that includes \$30,062,719 in operating costs, \$27,418,343 in capital costs, and \$4,412,423 for debt service and other contractual obligations. Councilman Spraggins made a motion to approve the ordinance as presented. Councilman Harrison seconded and the vote was as follows:

Ayes: NASH, HARRISON, SPRAGGINS, LAW

Noes: JULIAN

The motion carried.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE NO. 2886 SETTING THE 2025 TAX YEAR PROPERTY TAX RATE FOR THE 2026 FISCAL YEAR

Finance Director/Assistant City Manager Smith presented the staff report. Property tax rate is set at \$0.43920 per \$100 of valuation as discussed in budget workshops. Taxes for properties on the tax roll as of January 1, 2025, will be assessed October 1, 2025. 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 calculations for each one. The motion uses the no-new-revenue tax rate, and the ordinance uses the no-new-revenue maintenance & operations rate. There was a brief discussion. Councilman Julian made a motion to approve the ordinance as presented. Councilman Nash seconded and the vote was unanimous.

The motion carried.

Manager Maxwell explained that the legislature forces us to use specific wording of a tax rate increase simply because property values went up even though our tax rate has stayed about the same for about 25 years.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE NO. 2887 AMENDING WATER RATE ORDINANCE SETTING, NEW WATER RATES EFFECTIVE OCTOBER 1, 2025

Finance Director/Assistant City Manager Smith presented the staff report. This ordinance shows rates as proposed at the August budget meetings. Councilman Spraggins made a motion to approve the ordinance as presented. Mayor Law seconded and the vote was as follows:

Ayes: NASH, HARRISON, SPRAGGINS, LAW
Noes: JULIAN

The motion carried.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE NO. 2888 AMENDING SEWER RATE ORDINANCE SETTING, NEW SEWER RATES EFFECTIVE OCTOBER 1, 2025

Finance Director/Assistant City Manager Smith presented the staff report. This ordinance shows rates as proposed at the August budget meetings. Councilman Spraggins made a motion to approve the ordinance as presented. Mayor Law seconded and the vote was as follows:

Ayes: NASH, HARRISON, SPRAGGINS, LAW
Noes: JULIAN

The motion carried.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE NO. 2889, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS, AMENDING ORDINANCE NO. 2865, 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 are 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. 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 SECOND AND FINAL READING OF ORDINANCE NO. 2890, AUTHORIZATION OF UPDATED SERVICE CREDITS

Human Resources Director/Assistant City Manager 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 2026 TMRS contribution rate is 8.23 % without updated service credits and increases to a total rate of 9.49% with the adoption of updated service credits. The cities funded ratio will decrease slightly from 97.6% to 95.5%. The additional cost of the updated service credits are estimated at \$168,365 for 2026 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. Councilman Spraggins made a motion to approve the ordinance as presented. Councilman Julian seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON SECOND AND FINAL READING OF ORDINANCE NO. 2891, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SULPHUR SPRINGS, TEXAS, AMENDING ORDINANCE NO. 2861, THE 2024-2025 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 action by the City Council, and operational 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 \$554,439. The budget amendment also recognizes the adjustments to revenue which amounts to a projected increase of \$554,439 due to grant reimbursement timing. Councilman Spraggins made a motion to approve the ordinance as presented. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

DISCUSSION/ACTION ON ADOPTION OF SECOND AND FINAL READING OF ORDINANCE NO. 2892, THE CREATION OF SULPHUR SPRINGS REINVESTMENT ZONE 25-02

Director of EDC Brown presented the staff report. In order for a 312 Agreement to be considered, a Reinvestment Zone must first be established designating a specific area. The adoption of the following Reinvestment Zones does not commit the City to a tax abatement or limit a potential agreement to a specific company. (A tax abatement is an economic development tool that cities, counties and special districts use to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions.) Councilman Julian made a motion to approve the ordinance as presented. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

**DISCUSSION/ACTION ON ADOPTION OF ORDINANCE NO. 2893, THE
CREATION OF SULPHUR SPRINGS REINVESTMENT ZONE 25-03**

EDC Director Brown presented the staff report. The adoption of the following Reinvestment Zones does not commit the City to a tax abatement or limit a potential agreement to a specific company. (A tax abatement is an economic development tool that cities, counties and special districts use to attract new industries and to encourage the retention and development of existing businesses through property tax exemptions or reductions.) Councilman Spraggins made a motion to approve the ordinance as presented. Councilman Harrison seconded and the vote was unanimous.

The motion carried.

VISITORS AND PUBLIC FORUM

Leslie Stone (CR 2310) addressed the council expressing her opposition to the AI data center project.

Councilman Spraggins took a moment to thank Finance Director/Assistant City Manager Smith for her hard work on the budget items. Finance Director/Assistant City Manager Smith thanked him and stated that the staff has been working on it for several months.

ADJOURN

With all business concluded, Mayor Law closed the meeting at 5:43 p.m.