



August 19, 2025

Notice is hereby given of a Regular Meeting of Nacogdoches City Council to be held on the above date at C.L. Simon Recreation Center, 1112 North Street, Nacogdoches, Texas, beginning at 4:00 p.m. for the purpose of considering the following agenda items.

Some City Council Members may attend via videoconference but a quorum of the City Council and the Presiding Officer will be present at the above-stated physical location. There will be an opportunity for the public to comment on agenda items in person in Council Chambers.

**PLEASE LIMIT PRESENTATIONS TO THREE MINUTES
(UNLESS PRIOR APPROVAL IS OBTAINED)**

1. CALL TO ORDER.
2. PLEDGE OF ALLEGIANCE.
3. WORK SESSION. Items included under Work Session are intended to provide opportunities for City Council to study and discuss various issues, and gather and analyze information. Council will not take formal action on matters presented at a work session, but may direct staff to place items relating to the matter on future agendas for formal consideration.
 - A. Presentation by Gallagher regarding Employee Benefits Renewal.
 - B. Presentation and discussion of the proposed Fiscal Year 2026 Annual Budget.
4. ADJOURN.


Karen Hadnot
Interim City Secretary



This agenda is posted as required under G. C. Section 551.041. For more information or a copy of the Open Meetings Act, please contact Attorney General of Texas at 1-800-252-8011; City Secretary at (936) 559-2506 or visit City of Nacogdoches web site at www.nactx.us.

CERTIFICATION

This meeting will be conducted pursuant to Chapter 551 of the Texas Government Code. The Council reserves the right to adjourn into Executive Session at any time during the meeting to discuss any of the above posted agenda, as authorized by Texas Local Government Code Sections 551.071 [litigation and certain consultation with attorney], 551.072 [acquisition of interest in real

property], 551.073 [prospective gift to city], 551.074 [certain personnel deliberations], 551.076 [deployment/implementation of security personnel or devices], or 551.087 [deliberations regarding economic development negotiations]. The City of Nacogdoches is committed to compliance with the American with Disabilities Act. Reasonable modifications and equal access to communications may be provided upon request. Please contact the City Secretary at (936) 559-2506 for information. I certify the notice of meeting was posted in the directory outside of C.L. Simon Recreation Center, 1112 North Street, Nacogdoches, Texas 75961, on August 13, 2025, by 4:00pm pursuant to Chapter 551 of the Texas Government Code.

Karen Hadnot, Interim City Secretary



CITY OF NACOGDOCHES EMPLOYEE BENEFITS RENEWAL 2025-2026

HEALTH INSURANCE / CLAIMS EXPERIENCE

	June '23 – May '24	June '24 – May '25	Trend
Gross Medical Claims Paid¹	\$1,156,487	\$1,776,472	+53.6%
Net Medical Claims Paid²	\$1,156,487	\$1,505,330	+30.2%
Pharmacy Claims Paid	\$963,589	\$1,072,535	+11.3%
Admin & Reinsurance Cost³	\$752,203	\$723,709	-3.8%
Total Cost	\$2,872,279	\$3,301,574	+15.0%

¹ Medical Claims paid before stop loss reimbursement

² Medical Claims paid after stop loss reimbursement

³ Includes Admin & Wellness Credit

HEALTH INSURANCE / HIGH COST CLAIMANTS HISTORY

<u>Paid Band</u>	<u>June '23 – May '24</u>	<u>June '24 – May '25</u>
\$50,001 - \$75,000	4	4
\$75,001 - \$100,000	5	2
\$100,001 - \$150,000	0	3
\$150,001 - \$200,000	0	0
\$200,001 - \$250,000	0	0
\$250,001 - \$500,000	0	0
\$500,001 +	0	1
Summary \$50,001 or greater	9	10

HEALTH INSURANCE / FUND BALANCE HISTORY

October 1, 2014	\$1,135,543
October 1, 2015	\$770,358
October 1, 2016	\$414,840
October 1, 2017	\$1,055,437
October 1, 2018	\$1,558,280
October 1, 2019	\$1,488,969
October 1, 2021	\$1,953,688
October 1, 2022	\$1,594,441
October 1, 2023	\$2,675,627
October 1, 2024	\$3,025,822
July 1, 2025	\$3,351,667

*Fund Balances are provided by the City of Nacogdoches

ESTIMATED ANNUAL FUNDING



ESTIMATED ANNUAL FUNDING 2024/2025 PLAN YEAR

Contributions from the City and Employees*	\$3,221,127
Expected cost for the 2024 / 2025 plan year	\$3,131,049
Maximum cost for the 2024 / 2025 plan year	\$3,621,810
Actual Cost for the past 12 months	\$3,301,574

*Contributions from City based on 324 budgeted employees (\$2,818,800)
Contributions from employees based on actual enrollments (\$402,327)

ESTIMATED ANNUAL FUNDING 2025/2026 PLAN YEAR

Contributions from the City and Employees*	\$3,232,362
Expected cost for the 2025 / 2026 plan year	\$3,488,960
Maximum cost for the 2025 / 2026 plan year	\$4,029,563

* Contributions from the City based on 324 budgeted employees. (\$2,818,800)
Contributions from employees based on current enrollments. (\$413,562)

CURRENT / RECOMMENDED FUNDING RATES



10/1/2024 Current Funding Rates

Base Plan				
	<u>Counts</u>	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Employee Only	224	\$725.00	\$0.00	\$725.00
Employee + Spouse	13	\$725.00	\$422.05	\$1,147.05
Employee + Child(ren)	24	\$725.00	\$329.38	\$1,054.38
Employee + Family	15	\$725.00	\$692.08	\$1,417.08

Buy-Up Plan				
	<u>Counts</u>	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Employee Only	27	\$725.00	\$68.20	\$793.20
Employee + Spouse	2	\$725.00	\$625.69	\$1,350.69
Employee + Child(ren)	2	\$725.00	\$549.75	\$1,274.75
Employee + Family	2	\$725.00	\$1,017.35	\$1,742.35

10/1/2025 Recommended Funding Rates

Base Plan				
	<u>Counts</u>	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Employee Only	224	\$725.00	\$0.00	\$725.00
Employee + Spouse	13	\$725.00	\$397.05	\$1,122.05
Employee + Child(ren)	24	\$725.00	\$304.38	\$1,029.38
Employee + Family	15	\$725.00	\$677.08	\$1,402.08

Buy-Up Plan				
	<u>Counts</u>	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Employee Only	27	\$725.00	\$68.20	\$793.20
Employee + Spouse	2	\$725.00	\$625.69	\$1,375.69
Employee + Child(ren)	2	\$725.00	\$549.75	\$1,324.75
Employee + Family	2	\$725.00	\$1,017.35	\$1,817.35

* Spouse rate reduced on Base Plan by \$25.00 per month
 Child(ren) rate reduced on Base Plan by \$25.00 per month
 Family rate reduced on Base Plan by \$25.00 per month

HEALTH INSURANCE / PLAN DESIGN

<u>In-Network Benefits</u>	<u>Current/Proposed Base Plan</u>	<u>Current/Proposed Buy Up Plan</u>
Deductible (Individual / Family)	\$3,000 / \$6,000	\$1,500 / \$3,000
Co-Insurance	70 / 30 %	80 / 20 %
Out of Pocket Maximum - Current	\$8,500 / \$17,000	\$7,750 / \$15,500
Out of Pocket Maximum - Proposed	\$7,500 / \$15,000	\$6,500 / \$13,000
Primary Care Office Visit Copay	\$45.00	\$45.00
Specialist Office Visit Copay	\$65.00	\$65.00
Virtual Visit MDLive	100%	100%
Preventative Services	100%	100%
Routine Lab / X-Ray	100%	100%
Emergency Room Copay	\$500.00	\$500.00
Urgent Care Copay	\$75.00	\$65.00
Prescription Copay	\$20 / \$60 / \$85 / 20% to \$600 monthly maximum	\$20 / \$60 / \$85 / 20% to \$600 monthly maximum

RECOMMENDED FUNDING RATES / DENTAL

<u>Coverage Tier</u>	<u>City of Nacogdoches</u>	<u>Employee</u>	<u>Total</u>
Employee Only	\$30.00	\$0.00	\$30.00
Employee + Spouse	\$30.00	\$30.97	\$60.97
Employee + Child(ren)	\$30.00	\$40.80	\$70.80
Employee + Family	\$30.00	\$82.02	\$112.02

ESTIMATED ANNUAL

	Current Plan	Proposed Plan
Estimated contributions from the City of Nacogdoches ¹	\$116,640	\$116,640
Estimated contributions from the employees ²	\$62,244	\$66,927
Estimated contributions from the City and employees	\$178,884	\$183,567
Estimated Fixed cost and projected claims	\$170,375	\$188,538

*Recommend no change to the funding rates

¹ Contributions from City based on 324 budgeted employees

² Contributions from employees based on current enrollments

DENTAL / PLAN DESIGN

Current / Renewal

Deductible (Individual / Family)	\$50 / \$150
Preventive Care	100%
Basic Services	80%
Major Services	50%
Orthodontia	50%
Max Benefit Per Person Annually	\$1,500
Orthodontia Lifetime Max Benefit Per Person	\$2,500
Benefit Waiting Period:	
Preventive	None
Basic	None
Major	None
Orthodontia	None

SUMMARY

	<u>Rate Adjustments</u>	<u>Comments</u>
Medical Insurance	Base Plan: \$25 Monthly Reduction for Spouse Coverage \$25 Monthly Reduction for Child(ren) Coverage \$25 Monthly Reduction for Family Coverage	(1) Reduce the out-of-pocket maximums for the Base and Buy-Up Plans. (2) Reduce the Base Plan dependent rates by \$25.00 per month. (3) If any covered spouse is eligible for coverage through his/her employer, he/she is not eligible for the City's plan.
Dental Insurance	0%	No changes in plan design
Employer Paid Life Insurance	0%	No changes in plan design
Employer Paid Long Term Disability	0%	No changes to plan design
Voluntary Term Life Insurance	0%	No changes to plan design
Voluntary Vision	0%	No changes to plan design
Voluntary Short Term Disability	0%	No changes in plan design
Voluntary Accident, Critical Illness, Hospital Indemnity	0%	No changes in plan design



Questions?

2025-2026 Budget Workshop

Presented August 19, 2025

Todd Simoneaux, CPA

Interim Finance Director



Priorities and Challenges

- Continued employee retention, benefits, and morale
- Recruitment of key positions critical to effective bond and non bond project implementation
- Continued recruitment and retention of Police and other First Responders
- Prudent and responsible focus on critical use of General Fund and Utility Fund capital projects
- Continue efforts with Stephen F. Austin State University to address next several years of student growth and building plans



Priorities and Challenges (Continued)

- Continue pursuit of primary jobs and commerce
- Housing workshop gap analysis
- Downtown Implementation Plan
- Leverage and utilize city assets
- Maintain reserve requirements for continued operations
- City partnered event process



Sales Tax Revenue

	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY25 Vs FY24</u>	<u>FY 2025 Budget</u>	<u>Budget to Actual</u>
Oct	\$ 617,935	\$ 685,875	\$ 717,322	\$ 665,652	-7.2%	\$ 713,820	-6.7%
Nov	\$ 771,533	\$ 780,585	\$ 807,863	\$ 802,146	-0.7%	\$ 802,098	0.0%
Dec	\$ 647,438	\$ 660,991	\$ 682,572	\$ 723,612	6.0%	\$ 679,940	6.4%
Jan	\$ 715,770	\$ 692,055	\$ 675,869	\$ 658,757	-2.5%	\$ 673,404	-2.2%
Feb	\$ 833,585	\$ 884,647	\$ 843,340	\$ 657,307	-22.1%	\$ 836,688	-21.4%
Mar	\$ 592,546	\$ 646,267	\$ 605,836	\$ 620,287	2.4%	\$ 605,122	2.5%
Apr	\$ 580,118	\$ 651,457	\$ 705,617	\$ 600,923	-14.8%	\$ 702,409	-14.4%
May	\$ 774,175	\$ 793,477	\$ 797,466	\$ 917,086	15.0%	\$ 791,961	15.8%
June	\$ 653,768	\$ 632,618	\$ 676,572	\$ 684,794	1.2%	\$ 674,090	1.6%
July	\$ 632,167	\$ 672,405	\$ 682,148	\$ 666,962	-2.2%	\$ 679,526	-1.8%
Aug	\$ 779,626	\$ 759,350	\$ 871,104	\$ 792,603	-9.0%	\$ 863,758	-8.2%
Sept	\$ 624,029	\$ 632,396	\$ 751,540			\$ 747,184	
YTD Total	\$ 7,598,661	\$ 7,859,727	\$ 8,065,709	\$ 7,790,129	-3.4%	\$ 8,022,816	-2.9%

*Texas Comptrollers
Audit Adjustment

\$256,855

FY22/FY23
YoY Change (%)

▲ 3.4%

FY23/FY24
YoY Change (%)

▲ 2.6%

FY24/FY25
YoY Change (%)

▼ -3.4%

FY24/FY25*
YoY Change (%)

▼ -0.28%



Property Tax Revenue

Year	Net Taxable Value	Tax Rate	M&O	I&S
2020	\$ 1,768,164,370	\$0.614000	\$0.536172	\$0.077828
2021	\$ 1,781,199,182	\$0.616000	\$0.538900	\$0.077100
2022	\$ 1,871,060,361	\$0.616000	\$0.533710	\$0.082290
2023	\$ 2,111,422,533	\$0.518510	\$0.507720	\$0.010790
2024	\$ 2,332,704,988	\$0.474450	\$0.463420	\$0.011030
2025	\$ 2,432,975,935	\$0.528770	\$0.471540	\$0.057230
2026	\$ 2,581,098,545	\$0.57596	\$0.49183	\$0.08413



Property Tax Revenue (Cont'd)

	<u>2025</u>	<u>2026</u>	<u>Difference</u>	
Net Taxable Value	2,432,975,935	2,581,098,545	\$ 148,122,610	6.09%
Amount not subject to freeze	2,150,857,099	2,232,436,137	81,579,038	3.79%
Amount frozen	267,118,836	313,662,408	46,543,572	17.42%
Loss of revenue due to freeze				
General Fund	\$ 254,694	\$ 538,827		
Debt Service Fund	\$ 28,000	\$ 92,169		



Historical Employee Increases

Year	Adjustment	CPI*
2019/2020	Nothing	1.4
2020/2021	Dec of 2020 Salary Adjustments Based on Compensation Study	7.0
2021/2022	1% COLA	6.5
2022/2023	Retention payments of \$2600, \$1950, or \$1300 per check depending on salary	3.4
2023/2024	1% COLA, 1/1/2023 step plan put in place for Fire and PD	2.9
2024/2025	2%-5% Increase based on salary, 3% for Fire, 7.7% for PD, continued step plan for PD and Fire	2.8 YTD
2025/2026	3% Employees earning less than \$62,500, 2% Employees earning more than \$62,500	-

*CPI: <https://www.usinflationcalculator.com/inflation/consumer-price-index-and-annual-percent-changes-from-1913-to-2008/>



Items Included in Proposed Budget

Tiered Salary Increases

3%	Employees earning less than \$62,500
2%	Employees earning more than \$62,500

General Fund	\$475,000
Utility Fund	\$75,000
Sanitation Fund	\$37,000
Airport Fund	\$5,000



General Fund Items Included in Proposed Budget

New Employees

Position	Cost
Code Enforcement Officer	\$60,000
Animal Control PT to FT	\$28,500
Total Cost	\$88,500



General Fund Summary

October 1, 2025 Est. Beginning Cash	\$ 16,461,963
2025 – 2026 Proposed Operating Revenue	<u>\$ 33,444,549</u>
Total Available Funds	\$ 49,906,512
2025 – 2026 Proposed Operating Expenditures	\$ 32,435,369
2025 – 2026 Proposed Capital Expenditures	\$ 2,243,615
September 30, 2026 Est. Ending Cash	<u>\$ 15,227,528</u>
Total Allocated Funds	\$ 49,906,512
Operating Income	\$ 1,009,180
Ending Operating Cash Balance	\$ 7,118,686
(in Excess of Reserve Requirement)	



General Fund *(FY27 Assumption)*

9/30/2026	15,227,528	Projected Beg Cash FY26	
Revenue	33,709,399	Projected FY27 Budget	
Expense	33,343,559	Projected FY27 Budget	365,840
Capital & CIP	<u>2,700,000</u>	Projected FY27 Budget	
9/30/2027	<u>12,893,368</u>	Projected End Cash FY27	
	8,335,890	25% Reserve Requirement	
	4,557,478	Excess Over Reserve	

Revenue = FY26 plus 3.5% property tax increase
1.75% sales tax increase
5% increase on franchise from Utility and Sanitation
less \$500,000 one-time ARPA

Expense = 2.5% increase in payroll and 3.5% operational cost
CIP & Capital = 1 million plus CIP



General Fund *(FY28 Assumption)*

9/30/2027	12,893,368	Projected Beg Cash FY27	
Revenue	34,589,399	Projected FY28 Budget	
Expense	34,277,179	Projected FY28 Budget	312,220
Capital & CIP	4,415,000	Projected FY28 Budget	
9/30/2028	8,790,588	Projected End Cash FY28	
	8,569,295	25% Reserve Requirement	
	221,293	Excess Over Reserve	

Revenue = FY27 plus 3.5% property tax increase
2% sales tax increase
5% increase on franchise from Utility and Sanitation

Expense = 2.5% increase in payroll and 3.5% operational cost
CIP & Capital = 1 million plus CIP



Utility Fund Summary

October 1, 2025 Est. Beginning Cash	\$ 77,126,808
2025 – 2026 Proposed Revenues	<u>\$ 23,068,500</u>
Total Available Funds	\$ 100,195,308
2025 – 2026 Proposed Operating Expenses	\$ 15,979,448
2025 – 2026 Proposed Debt Service Expenses	\$ 4,542,241
2025 – 2026 Proposed Capital Expenses	\$ 31,103,250
September 30, 2026 Est. Ending Cash	<u>\$ 48,570,369</u>
Total Allocated Funds	\$ 100,195,308
Operating Income	\$ 2,546,811
Ending Operating Cash Balance	\$ 918,541
(in Excess of Reserve Requirement)	



Sanitation Fund Summary

October 1, 2025 Est. Beginning Cash	\$ 18,285,703
2025 – 2026 Proposed Revenues	<u>\$ 8,862,000</u>
Total Available Funds	\$ 27,147,703
2025 – 2026 Proposed Operating Expenses	\$ 6,910,213
2025 – 2026 Proposed Capital Expenses	\$ 8,240,000
September 30, 2026 Est. Ending Cash	<u>\$ 11,997,365</u>
Total Allocated Funds	\$ 27,147,703
Operating Income	\$ 1,951,662
Ending Operating Cash Balance	\$ 2,415,530
(in Excess of Reserve Requirement)	



City Hosted Events

The events listed below are organized and hosted by a City Department or a formally affiliated partner organization. Funds to host these events are included (at least in part) in the City budget. Some events receive additional sponsorships from outside entities.

- Kid Fish (Recreation)
- Nac Snack Fridays (CVB)
- Spring Fling Farmers Market (Farmers Market/Main Street)
- Wine Swirl (Main Street)
- Ability Strong Festival (Mayor Committee for People with Disabilities)
- Blueberry Jam (CVB)
- Blueberry Wine Down (Farmers Market)
- Running of the Blueberries (Recreation)
- Dia De Los Muertos Festival (Library)
- Trick or Treat Event at Banita Creek Park (Police Department)



Proposed City Partnered Events

The events listed below are organized and hosted by a City Department or a formally affiliated partner organization. Funds to host these events are included (at least in part) in the City budget. Some events receive additional sponsorships from outside entities.

- Day for Kids (Boys & Girls Club)
- Kite Fest (The Helping House)
- Movie in the Park (Harold's House)
- Blueberry Festival (Chamber of Commerce)
- Juneteenth
- Freedom Fest (Nacogdoches Jaycees)
- Old Town Rig Down (Massey Rose Foundation)
- Veterans Day Parade (Nacogdoches County Sheriffs Department)
- SFA Homecoming Events (SFA)
- Turkey Trot (Chamber of Commerce)
- Christmas Parade (United Way)
- Our Lady of Guadalupe Festival and Procession



Budget Calendar

Date	Event
August 19, 2025	Budget Workshop – Vote for Proposed Tax Rate
September 2, 2025	1. Public Hearing for Proposed Budget 2. Take Action on Proposed Budget
September 16, 2025	1. Public Hearing for Proposed Tax Rate 2. Establish Property Tax Rate and Ratify Budget

