

CITY OF ALAMO HEIGHTS
CITY COUNCIL
July 18, 2024

A Special City Council Meeting and Work Session of the City Council of the City of Alamo Heights, Texas was held at the Council Chambers, located at 6116 Broadway, San Antonio, Texas, at 8:30 a.m. on Thursday, July 18, 2024. A teleconference was held via Zoom.

Present and composing a quorum were:

Mayor Bobby Rosenthal
Mayor Pro Tem Lynda Billa Burke
Councilmember Lawson Jessee
Councilmember Karl P. Baker
Councilmember Blake M. Bonner
Councilmember John Savage

Also attending were:

City Manager Buddy Kuhn
Assistant City Manager Phil Laney
Assistant to City Manager Jennifer Reyna
City Secretary Elsa T. Robles
Director of Finance Robert Galindo
Community Development Services Director Lety Hernandez
Human Resources Manager Brenda Jimenez
Police Chief Rick Pruitt
Fire Chief Michael Gdovin
Public Works Director Pat Sullivan
Deputy Police Chief Cindy Pruitt

Not attending:

None

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Mayor Bobby Rosenthal opened the meeting at 8:35 a.m.

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Item # 1 Mayor Rosenthal read the following caption.

RESOLUTION NO. 2024R - 189

A RESOLUTION APPROVING AN INTERLOCAL AGREEMENT UNTIL JUNE 30, 2027 BETWEEN THE CITY OF ALAMO HEIGHTS AND THE ALAMO HEIGHTS INDEPENDENT SCHOOL DISTRICT FOR A SCHOOL RESOURCE OFFICER PROGRAM AND AUTHORIZING THE CITY MANAGER AND POLICE CHIEF TO EXECUTE THE AGREEMENT

City Manager Buddy Kuhn stated he was presenting a proposed amendment to the School Resource Officer (SRO) Program with the Alamo Heights Independent School District (AHISD). The AHISD has requested to add two SROs and restructure the cost share agreement with the City. The requested SROs would be based at Woodridge Elementary and Howard Early Childhood Center.

Mr. Kuhn explained currently the cost share funding for Alamo Heights High School and Cambridge Elementary is AHISD 75% and COAH 25%; however, the district pays 100% of personnel costs and equipment for the Junior High School SRO and would pay for 100% of personnel and equipment costs for the two new SROs at Howard and Woodridge, a total of three SROs.

Mr. Kuhn stated all proposals and cost analysis were provided to Dr. Dana Bashara, AHISD Superintendent. The AHISD has requested to extend this Interlocal Agreement (ILA) until June 30, 2027 contingent upon the School Board meeting on August 14, 2024. He added this would be a tentative approval of two additional SROs.

The proposed ILA amendment is Pursuant to the Interlocal Cooperation Contracts, Chapter 791, Texas Govt Code, the COAH, a home rule municipality, and AHISD, an independent school district, may jointly exercise the power to provide governmental services for public health, safety, and general welfare. The amendment was coordinated with Mr. Kuhn, city staff, City Attorney, Dr. Bashara and Assistant Superintendent Frank Alfaro.

Mr. Kuhn reviewed the fiscal impact to the City:

Resource	Total FY25	AHISD	COAH
Two SROs (75%- 25%)	201,219	150,915	50,304
Three SROs (100%)	297,169	297,169	0
One Admin Support	13,923	13,923	0
TOTAL	\$512,311	\$462,007	\$50,304
FY22-23	\$220,470	\$171,485	\$45,482

Mr. Kuhn stated equipment for the three current SROs are currently in inventory and AHISD reimburses the City the cost for two additional SRO's equipment - \$28,638. The SRO vehicles will come from current inventory when available. All financial obligations of the SRO program will be funded by the respective revenues of AHISD and COAH. He closed by saying the additional two positions are added to the FY2024-25 Budget as a reimbursable expense.

After a brief discussion, Councilmember Lawson Jessee moved to approve Resolution No. 2024R - 189 as presented. The motion was seconded by Mayor Pro Tem Lynda Billa Burke and passed by unanimous vote.

Item # 2 Mayor Rosenthal read the following caption.

Discussion of FY 2024/2025 Budget

Mr. Kuhn announced before the budget discussion, Council would hear a presentation from WGI representatives Jeremy Doege and Ravali Kosaraju on proposed improvements for Alamo Heights Blvd at Inslee Ave/Arbutus St. and continue with discussion on the Broadway/Ogden improvements.

Ms. Kosaraju stated she was a traffic engineer with WGI and had studied the free flowing, awkward layout of the intersection at Alamo Heights Blvd. She agreed it could be a tricky situation for cars maneuvering and turning on the much narrower streets of Inslee Ave and Arbutus St. She explained some potential low-cost options would be to tighten the intersection footprint by adding a quick curve and delineators or the armadillo barriers to deflect traffic away, and/or upgrade the appropriate illumination in the area.

Ms. Kosaraju explained a more permanent way to accomplish the same thing would be with a traditional curb and landscaping. With this option, the street lighting or illumination would have to be studied because the intersection configured would change with the reduction of the intersection footprint.

Council discussed the options. Councilmember Karl P. Baker commented he liked the idea of doing something on a short-term basis to show people what it could be like and figure out what works and does not work long-term.

Councilmember Blake M. Bonner agreed and stated, drainage aside, a curb and landscape would be the best solution. He added that Alamo Heights Blvd is a very wide street and suggested looking at incorporating a bike lane and/or street parking inexpensively.

Mayor Pro Tem Billa Burke stated she brought this issue to staff because the intersection is very confusing and was concerned with the potential dangers for walkability being so close to the school. Adding an island/curb with landscape would help control the traffic more. She suggested staff contact the property owner on the north of the intersection to see if they would be interested in purchasing this piece and asked staff to include it in the budget.

City Manager Buddy Kuhn stated there were additional funds in the budget for this project if Council desired to move forward. The next step for staff is to study this further with the city engineers and will work on a tasteful and inexpensive solution to complete this project.

Mayor Rosenthal asked to include irrigation and electricity to help with lighting in this intersection. Mr. Kuhn added he would work out an agreement with the engineers to move forward and ensure they look at the project holistically.

Mr. Kuhn continued and briefly updated Council on communications regarding the Broadway and Ogden Lane Intersection project. He met with the business/property owners who liked the idea of some improvements but did not want to lose any parking spaces. He also met with AHISD who had concerns about the proposed changes because of bus traffic in the area and were not open to the option of creating an additional entrance to the track field at Cambridge

Elementary because of school security. Mr. Kuhn added the new proposed plan will potentially save the mature oak tree that is currently in the area.

Mr. Jeremy Doege provided Council an updated project graphic. Councilmember Baker shared the new graphic did not look like the initial project scope presented earlier this year and felt it took away from the plaza/public space Council had envisioned. He did not think people would enjoy sitting in between parked cars and traffic.

Mr. Doege stated he could provide some clarity and stated the graphic was more from a civil basis and could be misleading. He explained there were three goals for this project, to create a public plaza/gathering space, increase intersection safety, and maintain operations. The focus was to create a gateway as part of that public plaza with access to the city pool, baseball fields, and the nature trails. He noted TBG Partners will oversee the overall landscaping design for the project. Mr. Doege commented the plaza actually grew in size since the last time it was presented, augmented with landscaping and preserving environment.

Safety measures would include a pedestrian hybrid beacon as an activated signal to safely use the crosswalk. At Ogden Lane striping and lane modifications will shift the intersection slightly with the addition of parking and will require drainage improvements. Additional key updates were the realigning and refining of the intersection, bus pad limits increased for pavement preservation, the configuration can adapt to future Lower Broadway Improvements, and stakeholder coordination and what is desired for this project. Additionally, with the current configuration, additional parking was added.

Council discussed proposed parking and other potential options to reconfigure the intersection. Mayor Rosenthal suggested asking the AHISD to dedicate some land for additional parking along Cambridge Elementary. Mr. Kuhn stated he could talk to Dr. Bashara; however, noted the final configuration was Council's decision to make. He stated staff needed direction because the clock is still ticking to have the remaining ARPA funds obligated/contracted by December 31, 2024. Mr. Kuhn pointed out with this configuration it would have a net zero impact on employees and patron parking. He added this plan was based on his meeting with the business owner in consideration of their needs with parking being extremely important.

Councilmember Baker suggested looking at the whole picture to consider cutting four parking spaces for additional landscaping and public space. Mayor Rosenthal asked staff to look at the business loading dock identified in the plan to possibly reduce it and add additional parking.

Mr. Kuhn stated he would contact TBG partners for an updated design plan with Council's suggestions. He added a special Council meeting may be required to decide on a final design.

Mayor Rosenthal called a 10-minute break at 10:00AM.

After the break Mr. Kuhn stated he and staff had worked diligently after the Strategic Action Plan (SAP) workshop to incorporate Council's ideas/suggestions and put together a FY 2024-2025 Budget presentation.

Mr. Kuhn stated the proposed budget was developed to be consistent with the established mission, vision, and goals of the City of Alamo Heights; provide a fiscal plan to accomplish high priority action steps presented to the City Council in the 2024-2025 Strategic Action Plan; allocate resources by City departments to provide excellent municipal services to citizens and visitors; and highlight how the allocation of City financial, human and capital resources are targeted to achieve the City's established mission, vision and goals.

Mr. Kuhn reviewed personnel expenses included in the FY 2024-2025 Proposed Budget. As every year, staff met with Councilmember John Savage to discuss a cost-of-living adjustment (COLA) due to ongoing inflation. After discussing feasible options, a proposed 3.5% COLA was built into the budget for all employees except for the City Manager (a contract position). The COLA is to maintain current staff and recruit new staff. The proposed 3.5% is an approximate cost of \$287,000. Mr. Kuhn advised the City, along with other communities, participate in the Werling Pay Study that compares pay rates for each position. The study also compares and provides information on previously adopted COLAs in these communities.

In addition, overall salary increases for Public Works employees is budgeted for the next fiscal year as approved by Council. The department will be eliminating one equipment operator position to make this possible and the salary increases will be more competitive in the market as compared to other cities. Some of the positions will be in the median, with equipment operators being slightly higher.

Mr. Kuhn stated staff allowed for a 15% increase in health insurance as last year and is included in the budget. He added staff had recently met with the city's insurance broker and asked them to shop around to keep it competitive and hopefully get a rate reduction. He shared insurance companies look at the number of claims over \$50,000 and the types of drugs that are being used. The city only had two claims over \$50,000 last year.

Mr. Kuhn reviewed the authorized positions for next year and noted the police department includes two School Resource Officer (SRO) positions. The full-time equivalent is 105 projected for next year, an increase of one. He continued with the proposed General Fund for each department. He noted the 6.7% total increase due to the addition of two SRO positions which added a significant amount and transfers to the capital replacement fund. The Police Department budget is at 10.3% because of the two additional positions and Administration is at 14.5% because of a budget transfer of \$100,000. Staff is proposing about \$100,000 more than last year.

Mr. Kuhn briefly reviewed the ARPA Funds. As discussed during the SAP workshop, a total of \$1.5 million is available. The funds must be allocated by Dec. 31, 2024 and spent by Dec. 31, 2026. Mr. Kuhn advised federal legislators may consider clawing back unspent ARPA funds and encouraged Council to allocate the funds soon to avoid losing them. Mr. Kuhn stated funds for projected beautification projects for FY2024-2025 including the ARPA funds total \$2,922,751.

Mr. Kuhn provided Council with an update on the TxDOT Broadway Improvement project. Staff and Councilmember Jessee met with TxDOT who shared a new projected start time of 2028 but did not provide a final cost estimate. They held a stakeholder meeting in June and plan to roll out the plan publicly in mid-August. Council briefly discussed drainage/powerline plans and flood funding for the project.

Mr. Kuhn provided a recap of fund statements in the General Fund. The total revenue, including transfers for FY 2024-25, are projected to be \$13,542,140 representing a 6.7% increase from the current year's adopted budget. The two added SRO positions and budget transfers to the capital replacement fund are largest contributors to the overall increase. AHISD will reimburse the city 100% for the two added SROs.

Mr. Kuhn reviewed the residential garbage fee being raised from \$10 to \$20 and non-residential fee is being increased to \$30 for a total of revenue of \$362,705. The garbage fee was established in 2009 for residential \$10 and \$20 non-residential. The Proposed General Fund Operating Budget will produce \$315,274 in net revenue after expenditures. He presented a forecast for the increase:

	FYE 2024 Projection	FYE 2025 Forecast Solid Waste Fee \$20	FYE 2026 Forecast	FYE 2026 With \$3 fee increase to \$23
Revenues	\$ 362,705	¹ \$ 725,410	\$ 725,410	³ \$ 834,222
Expenditures	-\$ 966,841	-\$ 987,584	² -\$ 1,017,212	-\$ 1,017,212
Solid Waste Cost	\$ -604,136	\$ -262,174	\$ -291,802	\$ -182,990

1 Solid Waste fee increase from \$10 to \$20 for residents and non-residential \$20 to \$30 beginning 10-01-24

2 Estimated 3% increase in cost

3 A \$3 fee increase in FYE 2026 would increase revenues by \$108,812; \$23 residential and \$33 non-residential

Council discussed recycling process and suggested alternative ways to educate residents. Mr. Kuhn shared the city was switching recycling centers. The new vendor offered provide educational services to the residents, schools, councilmembers and staff. He assured Council staff would work aggressively to educate residents through all available avenues.

Council agreed to increase residential garbage fee to \$20/month and non-residential \$30/month. On October 1, 2026 the garbage fee will increase by \$5 to residential \$25/month and non-residential \$35/month.

Mr. Kuhn covered the city's General Fund revenues noting property tax at \$6.9M representing 51% of the revenue. Interest is 3% of the fund at \$435,625 which has changed dramatically over the last few years. Charges for service stands at about \$1.4M or 11% and are fees for Court, EMS, garbage, and Telecom leases. Other revenues come from transfers, fines/forfeitures, intergovernmental fees, permit fees, other revenue, and sales tax all totaling \$13.5 million. Sales tax is at 13% and is still fluctuating. Council discussed the improvements at HEB Central Market and its affect on sales tax. Mr. Kuhn stated it was still unknown how the different phases of the project would impact sales tax revenue.

Finance Director Robert Galindo continued with the budget presentation. He stated staff got an update in early July from the Bexar County Appraisal District. The valuation for Alamo Heights 2024 is a net taxable value of \$2,481,800,934, an increase of 4.1% over 2023 (at 83% not under protest as of July 5, 2024). He stated the city will receive the official certification for the valuation on July 25th. Mr. Galindo stated the current tax rate for 2023 is \$0.370980. The

Voter Approval Tax Rate was \$0.401316. Staff will calculate the tax rate for 2024 at the beginning of August after the valuations are provided by the tax office.

In comparison to other surrounding cities, Alamo Heights has one of the lowest tax rates in the larger metropolitan area. Last year Alamo Heights dropped the property tax rate from \$0.388051 to \$0.37090. Staff continues to try to decrease the tax rate, ensuring there is still enough revenue to provide quality services to all our residents and businesses. At the high point, 3 years ago, the city's tax rate was at \$0.40 but has been decreasing each year.

Mr. Galindo reviewed a sample property tax statement for 2023 at the current rates with current valuations for the average market for residents under 65 years of age is \$868,169. He reviewed the 2024 property tax freeze. The Bexar Appraisal District estimates that 892 property owners will qualify for the property tax freeze in the 2024 tax year, an increase of 36. Properties qualifying for the tax freeze decreased the total taxable value by \$771,934,877. This equates to an approximate loss in property tax revenue of \$896,661 for FY 2024-25 as a result of the approved property tax freeze. Residents 65 years and over qualify for the property tax freeze.

Mr. Galindo reiterated that sales tax is the second largest source of revenue for the city. FY revenue as of month of July is \$2,094,864. The City's current sales tax rate is 8.25 percent which includes one-half (.50) of a cent for street maintenance. Re-authorization of the street maintenance dedicated ½ cent sales tax is authorized every 4 years and will be on the May 2025 ballot for re-authorization by voters.

The projected FY2024-2025 sales tax collection is estimated to be \$2,580,000 and includes general fund and street maintenance fund collections. General Fund sales tax collection represents 13 percent of the total General Fund revenue. The FY 2025 Budget is -1% decrease from current budget due to current trends.

The proposed General Fund departmental allocation for FY 2024-25 is \$13,226,866 and represents an increase of \$835,105 or 6.7% from the current year's adopted budget. This includes the reduction of one Equipment Operator in Public Works and additional two School Resource Officers for a total of five SROs. The additional two SRO positions would be offset by 100% reimbursement.

Mr. Galindo reviewed the FY2024-2025 proposed General Fund departmental budget allocations: Public Safety (Police, Dispatch, Fire, EMS) at 59%, Public Works at 18%, Administration/Finance at 17%, Community Development 4%, Administrative City Hall Bldg. at 2%, for a total Budget Percentage of 100%.

Mr. Kuhn commented replacement of the building's air conditioning was forthcoming. The city has spent about \$45,000 a year on maintenance/repairs to the 10-year-old unit. The city currently contracts with Trane for repairs. Mayor Rosenthal suggested making a 5-year plan for replacement of the unit.

Mr. Galindo reviewed the FY 2024-25 transfers out of the General Fund which include \$25,000 for Capital Projects – Olmos Basin; \$75,000 Capital Replacement Fund for future ambulance; \$128,000 Capital Replacement for vehicles; \$12,600 Capital Replacement for IT Servers/Software; \$50,000 for Community Grants, a total cost of \$290,607.

Mr. Galindo reviewed the proposed General Fund Revenue allocations for FY 2024-2025. The estimated beginning fund balance on October 1, 2024 is \$6,387,878. The projected Ending Fund Balance on September 30, 2025 is \$6,703,152. He advised the Government Finance Officers Association (GFOA) recommends at least a 25% Fund Balance of the General Fund operating budget. The General Fund had a fund balance of 56% at the end of September 30, 2023. The fund balance allows the city to withstand any unforeseen disasters and emergencies. It also saves thousands of dollars in interest costs if the city issues bonds because the city has an AAA rating from S&P due to the fund balance being in good standing, the economy is stable and strong management.

The proposed Utility Fund Budget for FY 2024-2025 includes: TCEQ Compliance for 4 X 2 water will be completed by city crews - \$370,000, replacement of 2 dump trucks - \$230,000. One dump truck is a 1990 model a cost of \$140,000 and one existing 2008 model is being replaced with a 12-yd dump truck a cost of \$180,000 is split with General Fund, the Lower Broadway project engineering cost - \$140,000, and repainting one water tower - \$400,000.

The proposed Utility Fund Revenue allocations for FY 2024-2025 estimated beginning fund balance on October 1, 2024 is \$2,480,740. The projected Ending Fund Balance on September 30, 2025 is \$2,500,577.

Mr. Galindo reviewed the other governmental funds for FY 2024-2025.

- The Comprehensive Plan beginning balance projected at \$1,579,175 and projected ending balance is \$179,175 after expenses of \$1,450,000 for Beautification of \$1.4 million, Community grant program of \$50,000, fund must be used by September 30, 2025.
- The Street Maintenance beginning balance was \$685,416. Additionally, \$868,811 collected in ½ cent sales tax revenue, this leaves a projected ending balance of \$ 554,227 after expenditures of \$1,000,000.
- The Capital Projects beginning balance was \$15,225,268 which includes the 2021 Taxable bond proceeds of \$13,250,000. The fund also includes a transfer in of \$405,632. The projected ending balance is \$15,605,899 after expenditures of \$25,000 for the Olmos Basin clean-up.
- The Capital Replacement fund beginning balance was \$911,390 and includes a General Fund transfer in of \$215,607. The projected ending fund balance is \$628,389 after expenditures of \$498,608 for Capital Replacement – IT \$28,000, Ambulance \$204,700, Stretcher \$43,000, Police Body Worn Cameras Lease \$25,816, Police Mobile Cameras \$32,092, EMS \$75,000 future ambulance, half cost for Dump Truck \$90,000 split with Utility Fund.

Mr. Galindo stated at the next scheduled Council meeting on August 12, 2024, staff will present the Proposed Budget for FY 2024-25 and the Ad Valorem 2024 Proposed Tax Rate to City Council and set a Public Hearing for the Proposed Budget. On August 26, 2024, Council discuss and consider adopting both the FY 2024-25 Budget and 2024 Ad Valorem Tax Rate.

Mr. Kuhn wanted to clarify to help “stop the bleeding” the proposed increased salaries for Public Works employees would go into effect as of now.

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After a brief discussion on earned interest in General Fund allocations, Councilmember Bonner moved to adjourn the meeting at 11:40 a.m. Motion was seconded by Councilmember Jessee and passed by unanimous vote.

PASSED AND APPROVED THIS 12TH DAY OF AUGUST, 2024.


Elsa T. Robles, TRMC
City Secretary


Bobby Rosenthal
Mayor

