

CITY OF ALAMO HEIGHTS
CITY COUNCIL
July 19, 2016

A Budget Work Session of the City Council of the City of Alamo Heights, Texas was held in the Council Chambers, located at 6116 Broadway, San Antonio, Texas, at 8:30 a.m. on Tuesday, July 19, 2016.

Present and composing a quorum were:

Mayor Pro-Tempore Fred Prassel
Councilmember Lawson Jessee
Councilmember Bobby Rosenthal
Councilmember John Savage

Also attending were:

City Manager J. Mark Browne
Assistant to the City Manager Marian V. Mendoza
Finance Director Robert Galindo
Community Development Services Department Director Jason Lutz
Human Resources Manager Lori Harris
City Secretary Jennifer Reyna
Chief Police Rick Pruitt
Deputy Fire Chief Michael Gdovin
Public Works Director Pat Sullivan

Absent were:

Mayor Louis Cooper
Councilmember Lynda Billa Burke
Fire Chief/Assistant City Manager Buddy Kuhn

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Mayor Pro Tem Prassel opened the meeting at 8:50 a.m.

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Item #1 Mayor Pro Tem Prassel read the following caption.

Discussion of FY2016-2017 Budget

Finance Director Robert Galindo made a PowerPoint presentation that included a budget overview. Mr. Galindo reviewed the projected general fund revenues/allocations for the current fiscal year. He briefly reviewed the governmental funds: Comprehensive Fund, Street Maintenance Fund, Capital Projects Fund, and Capital Replacement Fund.

Mr. Galindo reviewed the projected General Fund Unreserved Fund balance ending September 30, 2016. The review included operating revenues, departmental allocations, working

capital, proposed transfers to the Capital Replacement Fund. Mr. Galindo noted the FY2015/2016 expenditures for governmental funds included tree planting, improvements to the public realm, and the purchase of two patrol vehicles, EMS ambulance, lease purchase of heart monitors, Jaws of Life for Fire, Solid Waste garbage truck repairs, and replacement of a crew cab. Operating Reserves (25% of departmental allocations) were included in the Unreserved Fund Balance.

The Governmental Funds: Comprehensive Plan, Street Maintenance Plan, Capital Projects and Capital Replacement projected fund balances, revenues/transfers, and expenditures were presented in a graph. Expenditures included tree planting, improvements to the public realm, street maintenance revenue, city branding plan, transfers from the general fund, replacement of the Police Tahoe, second year payment of lease purchase of four cardiac mentors, ten air packs for Fire, and two pickup trucks for Public Works.

Mr. Galindo continued his presentation regarding FY2017 to include the unreserved fund balance, a chart that projected expenditures in years for 2017 through 2021, and a funding summary/planned expenditures for the governmental funds. A chart displayed a five-year forecast for Capital Replacement fund revenues/allocations which included the replacement of EMS ambulance, radio system in Police, dispatch console, and a motor grader in Public Works. City Manager Mark Browne explained \$50,000 is allocated for the City's branding plan. Mr. Galindo stated the Community Infrastructure and Economic Development (CIED) monies are allocated in the capital projects fund.

There was a brief discussion among Council regarding the Capital Replacement fund. Mr. Browne noted the Capital Replacement fund contained monies from the tri-cities for capital replacement purchases. Council asked questions regarding the replacement of police vehicles and purchase of a new fire truck. Mr. Galindo stated that department directors do extend capital replacement purchases and highlighted the future years of anticipated large purchases. Mr. Galindo commented amending the budget at the end of the year may be considered for transfers from the General Fund.

Mr. Galindo presented a chart that displayed the projected beginning balance and noted the unreserved fund balance for the Utility Fund highlighting revenues/allocations. Monies are reserved for the additional contract boring for 4x2 water issues, development and implementation of a sewer infrastructure improvement plan, purchase of a pickup truck to replace existing truck and debt. Council observed the amount of large expenditures compared to the proposed revenues. Mr. Browne noted expenditures will remain until all 4X2 issues are addressed. Mr. Galindo briefly commented on the water restrictions and recent rain highlighting conservative budget numbers. Mr. Sullivan noted the increased cost paying SAWS for sewer treatments. Council acknowledged the need to raise water rates.

Mayor Pro Tem Prassel and Councilmember Jessee asked questions regarding 4X2 issues. Mr. Sullivan identified the streets focused to be addressed this year. He explained the 4X2 issues surfaced during the consideration of the 2007 bond street improvements and the City realized at the time that the sewers were not in compliance with the Texas Commission on

Environmental Quality (TCEQ). Staff worked with TCEQ to obtain an extension to comply with their requirements by 2030.

There was a brief discussion among Council regarding the special election for street bonds and consideration of decreasing the maintenance and operation (M&O) rate of property taxes. Councilmember John Savage asked if the street maintenance plan will continue or wait until the outcome of the November 2016 special election. He suggested the consideration of moving monies from unreserved fund balance to cover costs. Mr. Sullivan stated there are plans to continue regardless of the election outcome.

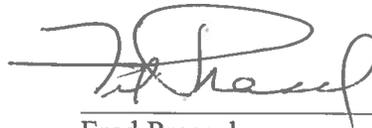
Mr. Galindo informed Council of the upcoming Council meetings. A presentation of the FY 2016-17 proposed budget is scheduled for August 8th. The first public hearing on FY 2017 proposed ad valorem tax rate is scheduled for August 22nd. The second public hearing for the proposed ad valorem tax rate and proposed budget are scheduled for September 12th. On September 26th, City Council will consider FY 2016-17 proposed budget and ad valorem tax rate.

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There being no further business, a motion was made by Councilmember Savage to adjourn the meeting. The motion was seconded by Councilmember Rosenthal and passed by unanimous vote. Mayor Pro Tem Prassel adjourned the meeting at 9:36 a.m.



Fred Prassel
Mayor Pro-Tempore



Jennifer Reyna
City Secretary