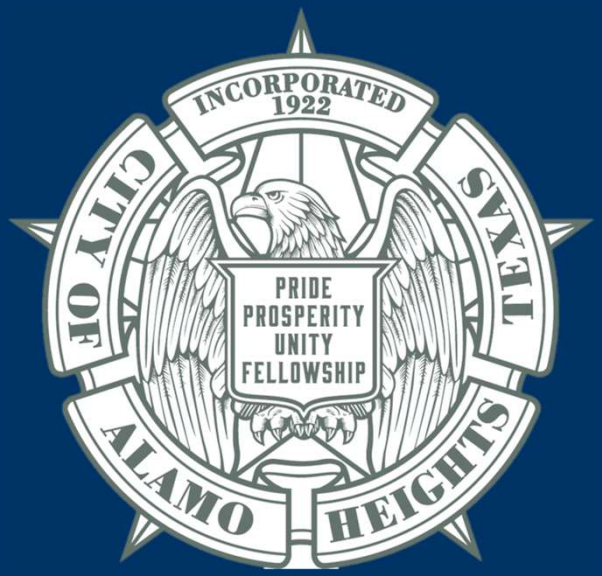


ANNOUNCEMENTS

CANCELLATION OF COUNCIL MEETINGS

- Monday, November 23, 2026

- Monday, December 28, 2026

1ST ANNUAL ALAMO HEIGHTS CHILI COOK OFF

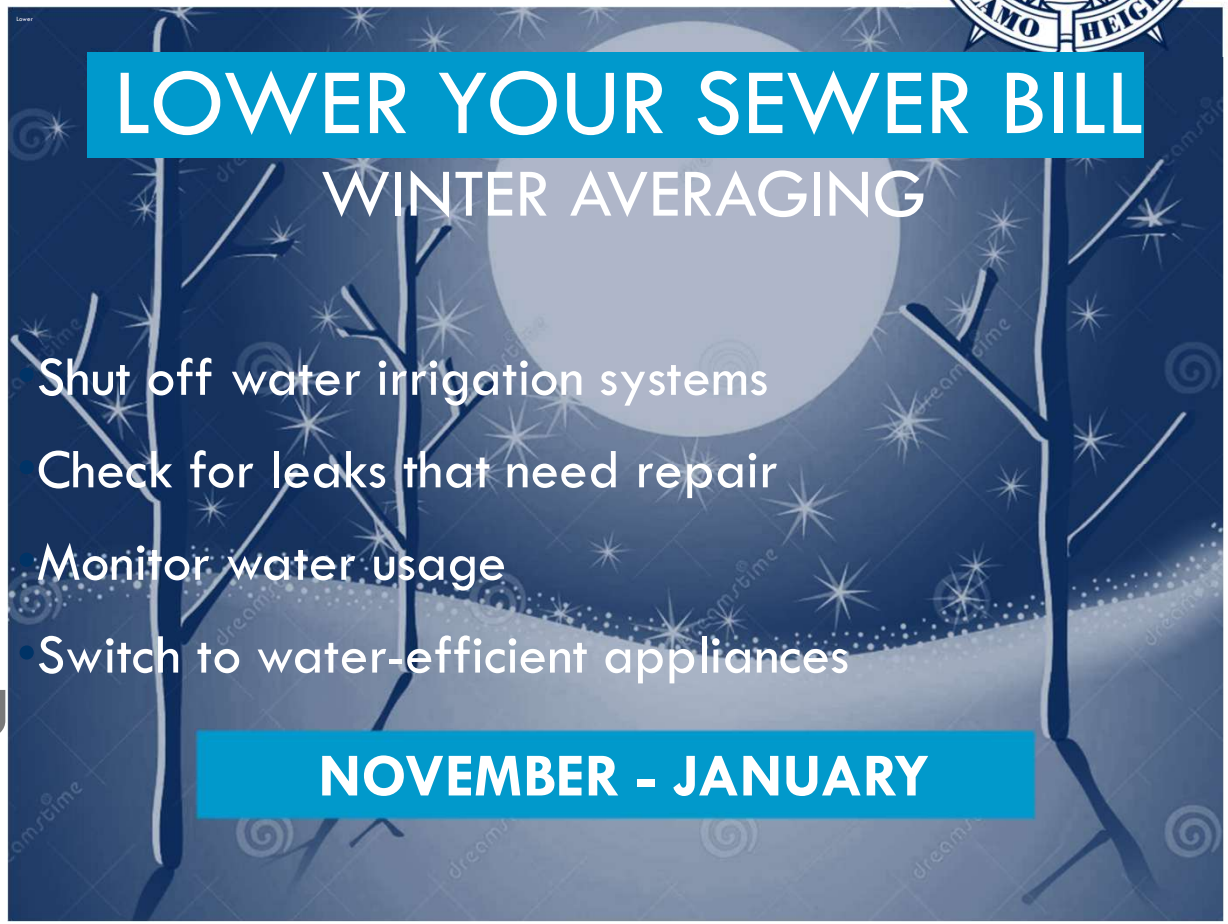
- **Saturday, November 14th**
  - Heights Pool & Kellyanne Park, 250 Viesca
    - Setup – 8:00am
    - Event Time – 11:00am-6:00pm

- Event to include: chili cook off, live bands – The Texases & Texas Tide, corn hole tournament & kid's activities



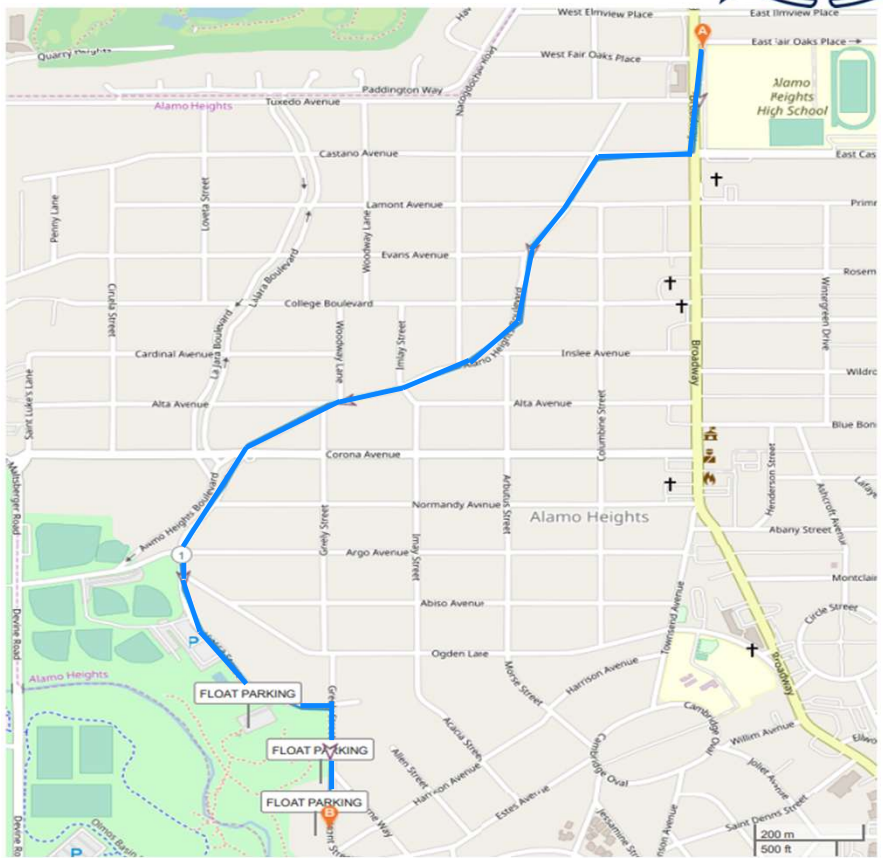
WINTER AVERAGING – NOVEMBER TO JANUARY

- 2027 sewer bills calculated using water bills during winter averaging
- November, December & January
- Conserving water during those months will save customers $



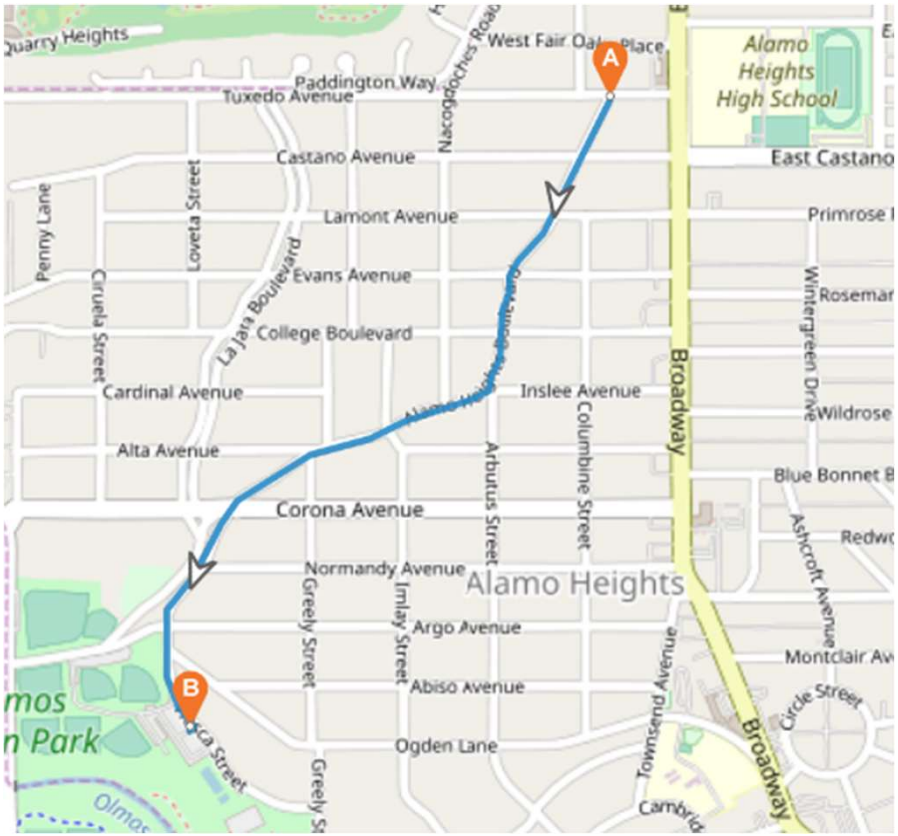
48TH ANNUAL HOLIDAY PARADE

- **Alamo Heights Chamber of Commerce**
- **Saturday, November 21st**
  - 6900 Broadway St (AHHS)
    - Setup – 3:30pm
    - Start – 5:45pm
    - End – 6:30pm



7TH ANNUAL HOLIDAY FUN RUN

- **Alamo Heights Chamber of Commerce**
- **Saturday, November 21st**
  - Tuxedo Ave/AH Blvd
    - Setup – 3:30pm
    - Start – 5:45pm
    - End – 6:30pm



ARB CASE NO. 1057F & 1058F
131 MARY D AVE
ITEMS # 7&8
NOVEMBER 09, 2026

COMMUNITY DEVELOPMENT

Presented by:
Lety Hernandez
Director

PROPERTY



- MF-D
- Northern side between Encino Ave and Broadway St
- 100% demolition

SUMMARY

- Demolition Review
  - Significance Review
    - Removal or encapsulation of more than twenty-five (25) percent of the framed structure of exterior walls facing public streets, or a street-facing elevation if the tract of land is landlocked – **100%**
    - Removal/encapsulation of more than fifty (50) percent of the framed structure of all exterior walls and/or roofs – **100%**

HISTORY

- ARB – 09/15/2026
  - Review of significance of existing main structure and compatibility of proposed design and tabled for 10/20/2026 pending redesign.
- City Council – 10/12/2026
  - Considered applicant's appeal and tabled for 11/09/2026 to be heard in conjunction with pending redesign.
- ARB – 10/20/2026
  - Review of significance of existing main structure and compatibility of proposed new design.

EXISTING CONDITIONS







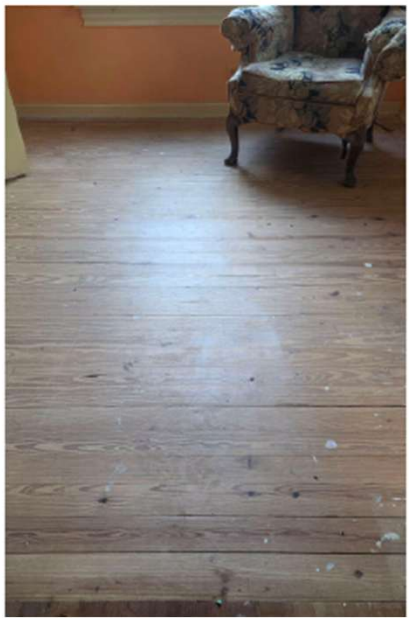
EXISTING CONDITIONS





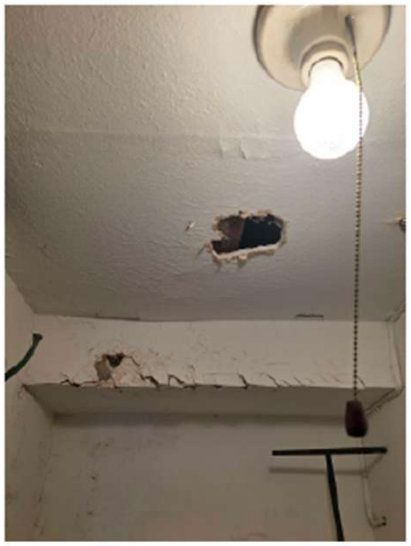



EXISTING



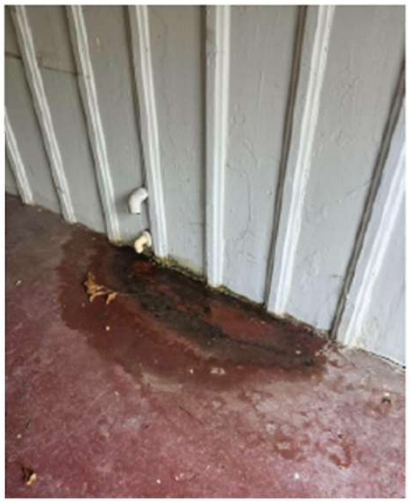




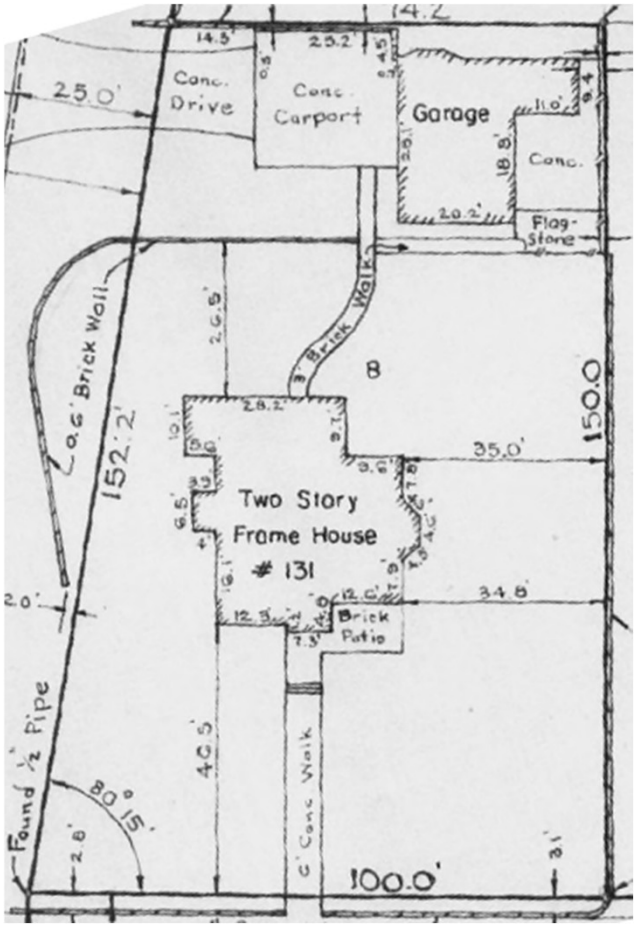




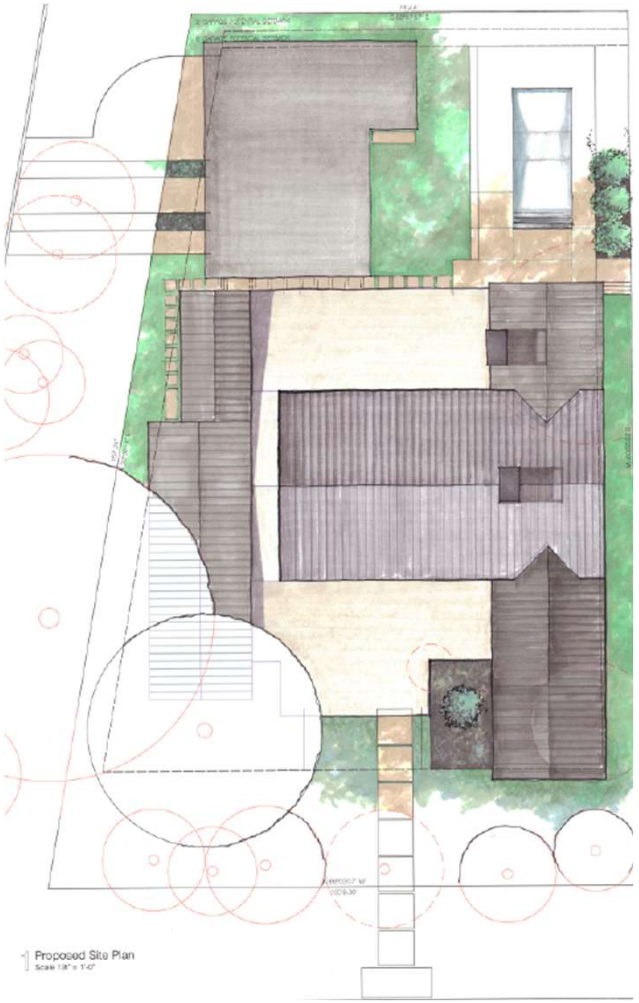




EXISTING AND PROPOSED SITE PLAN

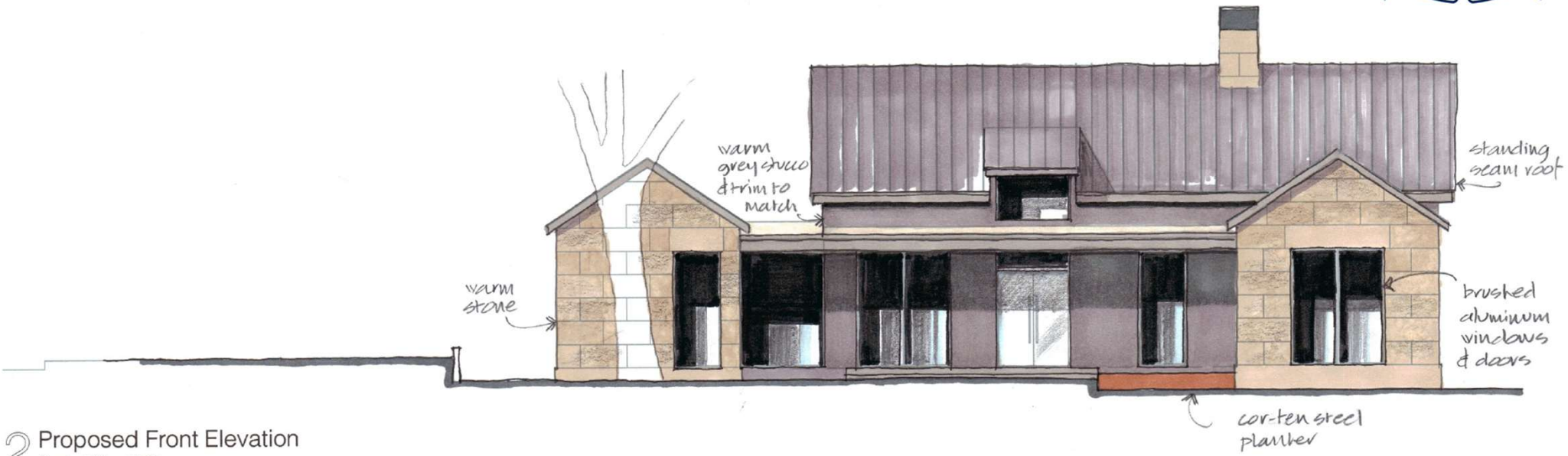


Existing



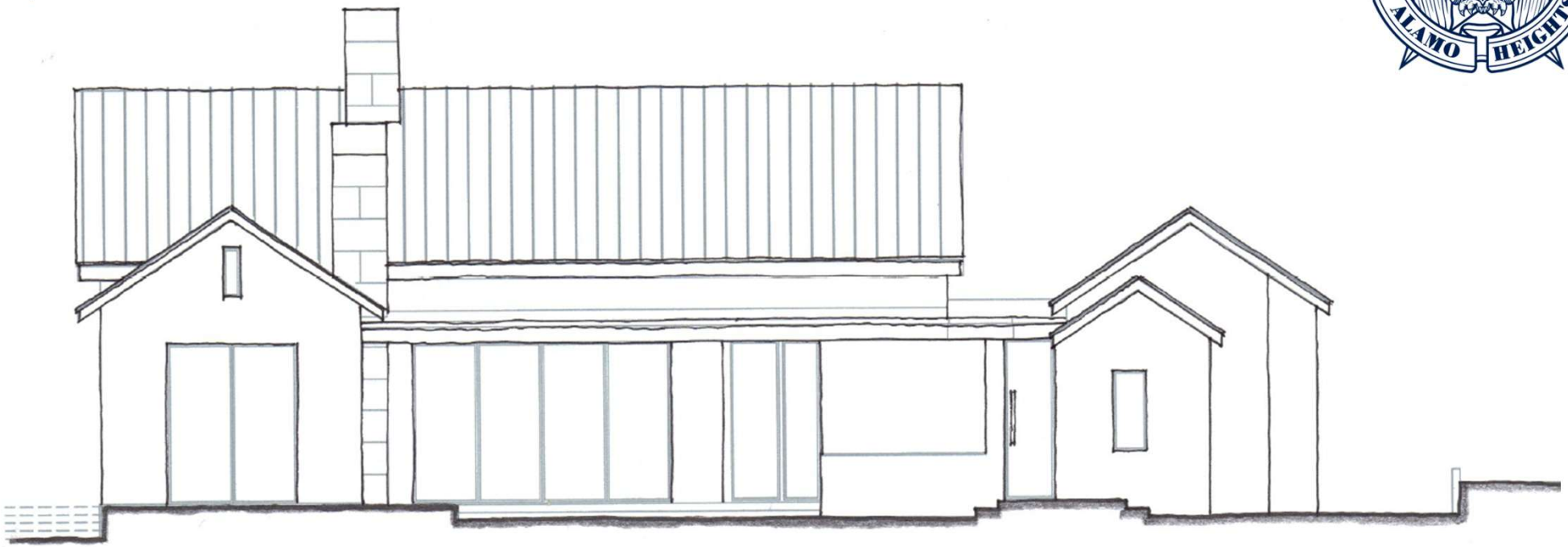
Proposed

PROPOSED ELEVATION - FRONT



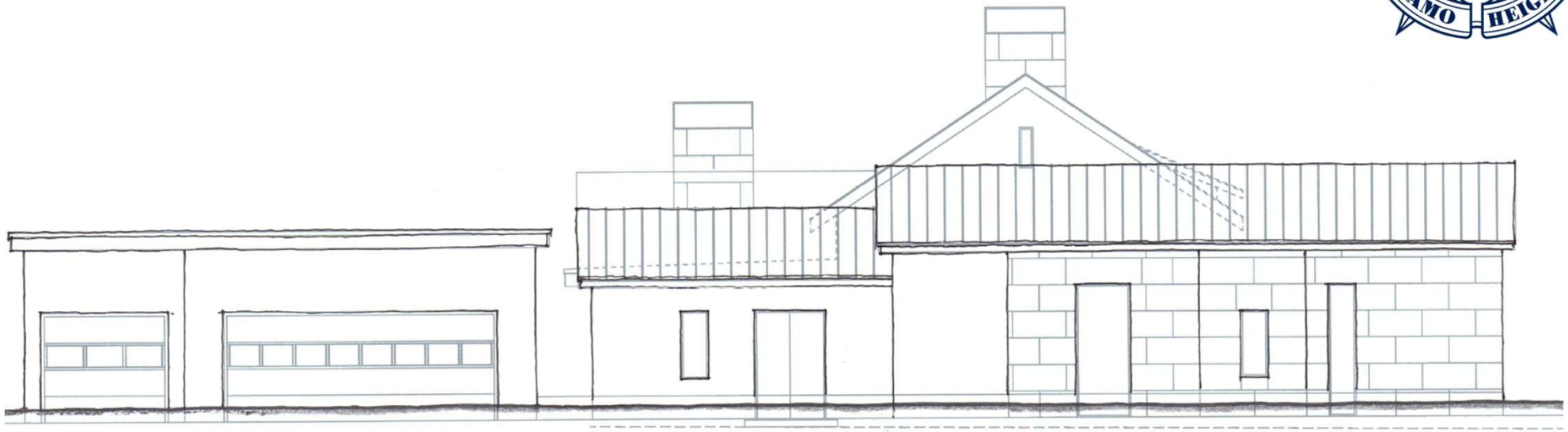
2 Proposed Front Elevation
Scale 1/8" = 1'-0"

PROPOSED ELEVATION - REAR



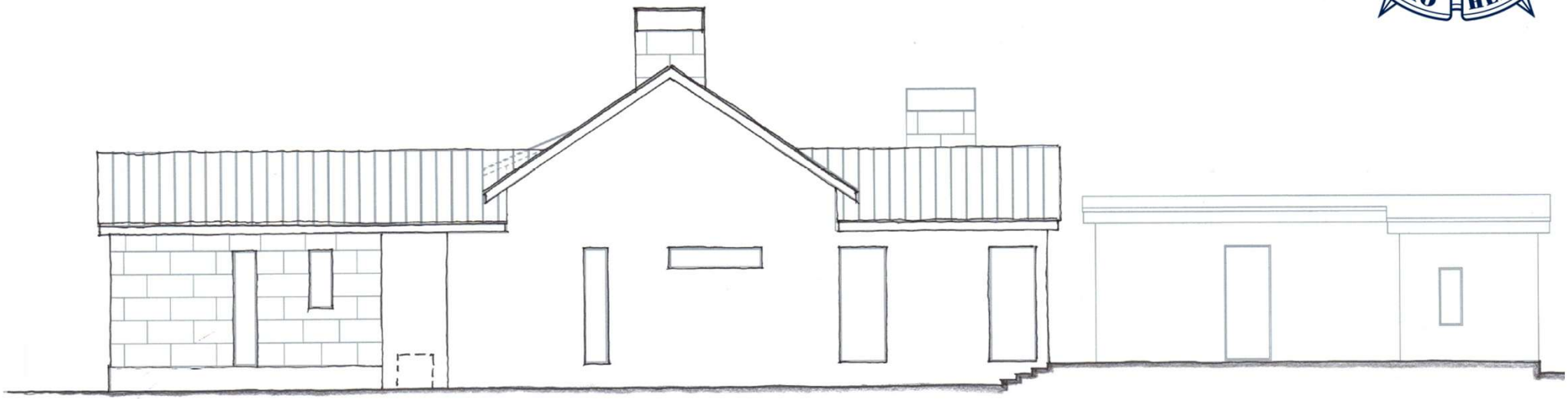
5 Proposed Rear Elevation
Scale 1/8" = 1'-0"

PROPOSED ELEVATION - WEST



3 Proposed Chester Street Elevation
Scale 1/8" = 1'-0"

PROPOSED ELEVATION - EAST



4 Proposed Interior Side Elevation
Scale 1/8" = 1'-0"

STREETSCAPE - NEIGHBORHOOD








STREETSCAPE - EXISTING



STREETSCAPE - PROPOSED

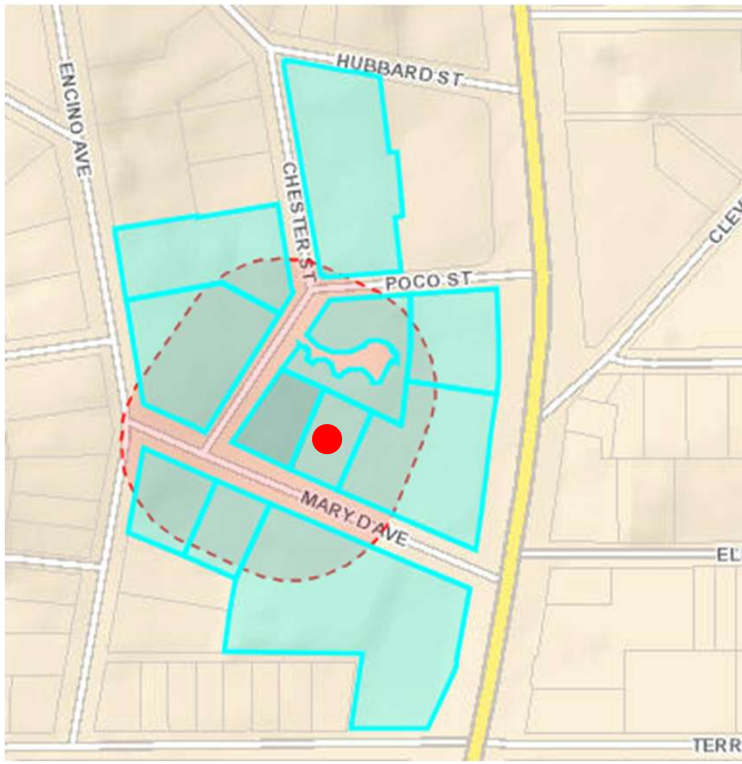


POLICY ANALYSIS

- The Architectural Review Board completed its review of the significance of the existing main structure and compatibility of the revised design at the October 20, 2026 meeting and voted to declare the existing main structure as not significant and recommended approval of the revised design as compatible.
- Plan review required to ensure compliance with current regulations.

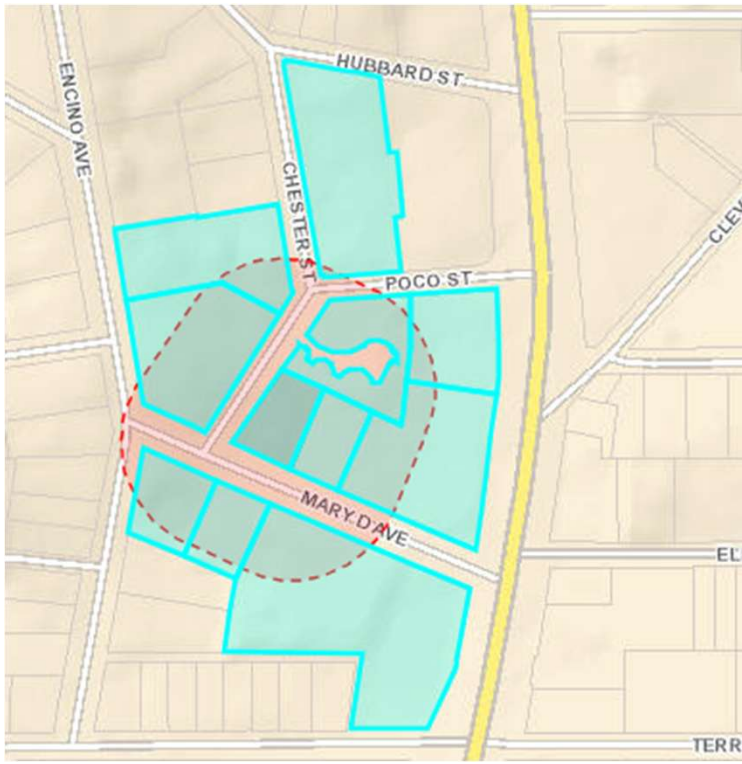
PUBLIC NOTIFICATION – APPEAL

- Postcards - mailed to property owners within a 200-foot radius
- Notices posted - City website and on property
- Responses received within 200ft:
  - Support: (0)
  - Oppose: (1)
  - Neutral: (0)



PUBLIC NOTIFICATION – SIGNIFICANCE & COMPATIBILITY

- Postcards - mailed to property owners within a 200-foot radius
- Notices posted - City website and on property
- Responses received within 200ft:
  - Support: (0)
  - Oppose: (0)
  - Neutral: (0)



6333 BROADWAY ST
PZ #477 & ROW LICENSE AGREEMENT
ITEMS # 9-12
NOVEMBER 09, 2026

COMMUNITY DEVELOPMENT

Presented by:
Lety Hernandez
Director

PROPERTY



- B-1
- Located at the southwest corner of Broadway St and Inslee Ave
- Replat to address variances

PROPERTY



HISTORY

- **Design Review**
  - Preliminary Review: 05.19.2026 (ARB)
  - Final Review: 06.16.2026 (ARB) and 07.13.2026 (City Council)
- **Replat**
  - Replat two properties into one:
    - 04.06.2026 (P&Z) and 04.13.2026 (City Council)

RENDERING



RENDERING







RENDERING



VARIANCE REQUESTS

Topic	Zoning Regulation	Developer Request	P&Z Recommendation
Number of Off-Street Parking Spaces [§3-81(1)]	• Office/Clinic/Retail/Business: 1 space per 300 gross sq ft • Restaurant or Cafeteria: 1 space per 100 gross sq ft	Development on the lot shall meet 75% of the City's off-street parking requirement*	No change.
Parking spaces in Right-of-Way [§3-84(2)]	Parking spaces in ROW not classified as off-street parking in computing parking requirements	Eight on-street parking spaces shall be allowed in City right-of-way**	6 on-street parking spaces – max 4 single-use parallel parking spaces with angled ingress/egress and canopy tree separation on Broadway St & 2 on Inslee
Off-Street Parking Space Dimensions [§3-84(2)(a)]	Ninety-degree (90°) parking spaces must meet a minimum dimension of 9ft x 18ft	20% of the total off-street parking spaces provided on the lot can be compact spaces with a minimum dimension of 8ft x 16ft	No change.

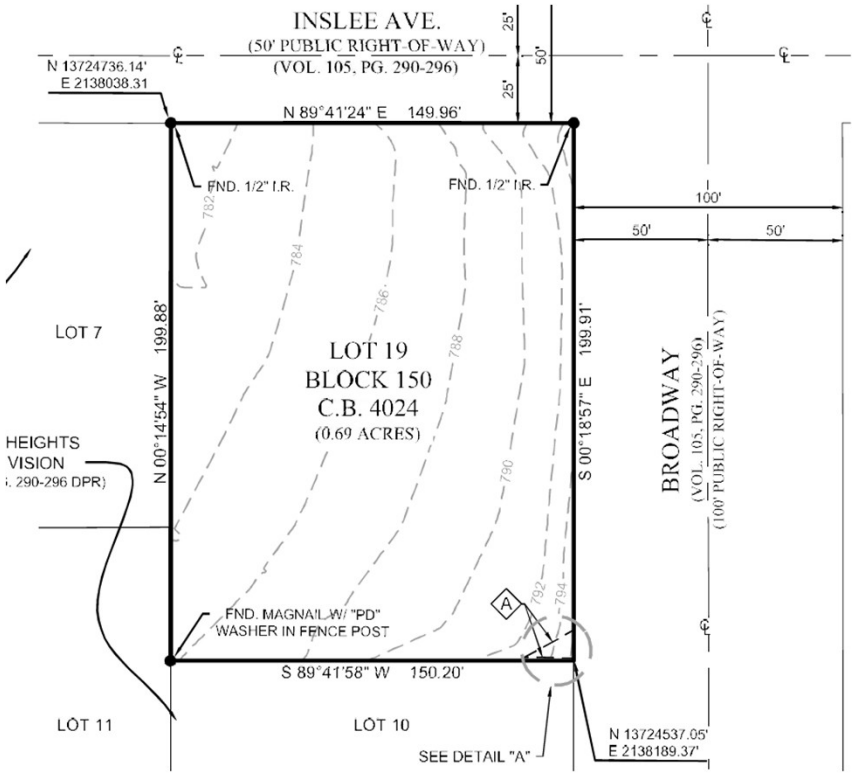
Final uses and square footages TBD

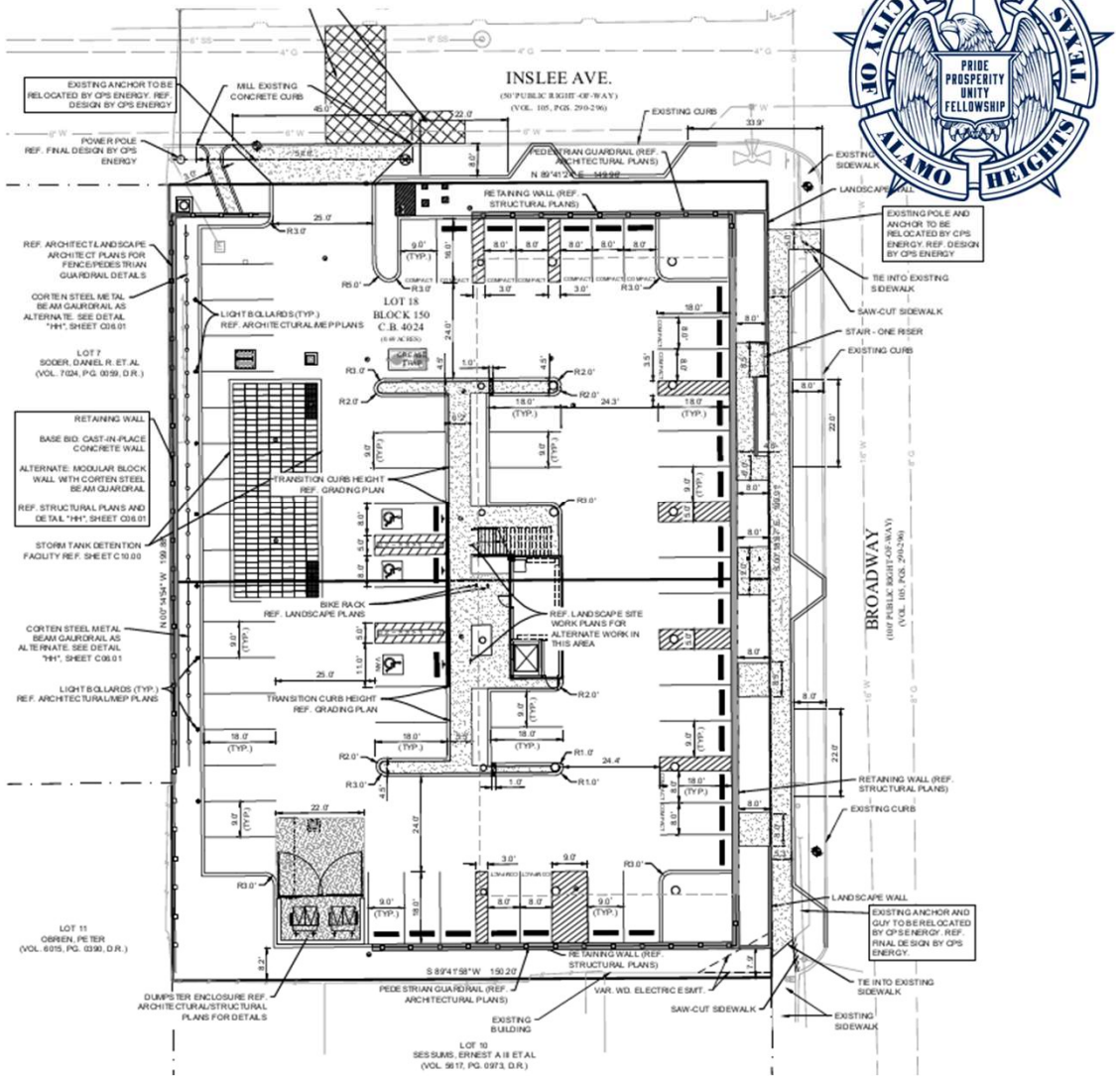
****Via ROW encroachment license agreement (City Council)***

VARIANCE REQUESTS

Topic	Zoning Regulation	Developer Request	P&Z Recommendation
5ft Sidewalk Required [§3-70(5)]	Minimum 5ft wide sidewalk required within public right-of-way, along all street frontages, and adjacent to property lines	No sidewalk required along Inslee Ave street frontage	No change
5ft Planting Strip Required [§3-70(4)]	Minimum 5ft wide planting strip required within public right-of-way adjacent to curbs	No planting strip required along the Broadway St and Inslee Ave street frontages	No change
Canopy Street Trees Required [§3-70(3)]	One (1) canopy street tree for each twenty-five (25) feet of lot frontage, or portion thereof, required to be planted within public right-of-way	Lot does not comply with minimum street tree requirement – 2 trees on Broadway St and 3 on Inslee Ave	Min. 5 canopy trees on Broadway St and 3 on Inslee Ave

SITE


INSLEE AVE.
(50' PUBLIC RIGHT-OF-WAY)
(VOL. 105, PG. 290-296)
N 13724736.14'
E 2138038.31
N 89°41'24" E 149.96'
FND. 1/2" I.R.
FND. 1/2" I.R.
25'
25'
50'
100'
50'
50'
LOT 7
LOT 19
BLOCK 150
C.B. 4024
(0.69 ACRES)
N 00°14'54" W 199.88'
S 00°18'57" E 199.91'
BROADWAY
(VOL. 105, PG. 290-296)
(100' PUBLIC RIGHT-OF-WAY)
HEIGHTS
VISION
, 290-296 DPR)
FND. MAGNAIL W/ "PD"
WASHER IN FENCE POST
S 89°41'58" W 150.20'
LOT 11
LOT 10
SEE DETAIL "A"
N 13724537.05'
E 2138189.37'
782
784
786
788
790
792
794
A


INSLEE AVE.
(50' PUBLIC RIGHT-OF-WAY)
(VOL. 105, PGS. 290-296)
EXISTING ANCHOR TO BE RELOCATED BY CPS ENERGY. REF. DESIGN BY CPS ENERGY
MILL EXISTING CONCRETE CURB
POWER POLE REF. FINAL DESIGN BY CPS ENERGY
EXISTING CURB
PEDESTRIAN GUARDRAIL (REF. ARCHITECTURAL PLANS)
N 89°41'24" E 149.96'
RETAINING WALL (REF. STRUCTURAL PLANS)
EXISTING SIDEWALK
LANDSCAPE WALL
EXISTING POLE AND ANCHOR TO BE RELOCATED BY CPS ENERGY. REF. DESIGN BY CPS ENERGY
TIE INTO EXISTING SIDEWALK
SAW-CUT SIDEWALK
STAIR - ONE RISER
EXISTING CURB
REF. ARCHITECT/LANDSCAPE ARCHITECT PLANS FOR FENCE/PEDESTRIAN GUARDRAIL DETAILS
CORTEN STEEL METAL BEAM GAURDRAIL AS ALTERNATE. SEE DETAIL "HH", SHEET C06.01
LIGHT BOLLARDS (TYP.) REF. ARCHITECTURAL/MEP PLANS
LOT 18
BLOCK 150
C.B. 4024
(0.69 ACRES)
LOT 7
SODER, DANIEL R. ET AL
(VOL. 7024, PG. 0059, D.R.)
RETAINING WALL
BASE BID: CAST-IN-PLACE CONCRETE WALL
ALTERNATE: MODULAR BLOCK WALL WITH CORTEN STEEL BEAM GUARDRAIL
REF. STRUCTURAL PLANS AND DETAIL "HH", SHEET C06.01
TRANSITION CURB HEIGHT REF. GRADING PLAN
STORM TANK DETENTION FACILITY REF. SHEET C10.00
BIKE RACK REF. LANDSCAPE PLANS
REF. LANDSCAPE SITE WORK PLANS FOR ALTERNATE WORK IN THIS AREA
CORTEN STEEL METAL BEAM GAURDRAIL AS ALTERNATE. SEE DETAIL "HH", SHEET C06.01
LIGHT BOLLARDS (TYP.) REF. ARCHITECTURAL/MEP PLANS
TRANSITION CURB HEIGHT REF. GRADING PLAN
N 00°14'54" W 199.88'
S 00°18'57" E 199.91'
BROADWAY
(100' PUBLIC RIGHT-OF-WAY)
(VOL. 105, PGS. 290-296)
RETAINING WALL (REF. STRUCTURAL PLANS)
EXISTING CURB
LANDSCAPE WALL
EXISTING ANCHOR AND GUY TO BE RELOCATED BY CPS ENERGY. REF. FINAL DESIGN BY CPS ENERGY.
TIE INTO EXISTING SIDEWALK
EXISTING SIDEWALK
LOT 11
OBRIEN, PETER
(VOL. 6015, PG. 0390, D.R.)
DUMPSTER ENCLOSURE REF. ARCHITECTURAL/STRUCTURAL PLANS FOR DETAILS
S 89°41'58" W 150.20'
RETAINING WALL (REF. STRUCTURAL PLANS)
PEDESTRIAN GUARDRAIL (REF. ARCHITECTURAL PLANS)
VAR. WD. ELECTRIC ESMT.
SAW-CUT SIDEWALK
EXISTING BUILDING
LOT 10
SESSUMS, ERNEST A III ET AL
(VOL. 9617, PG. 0973, D.R.)

PROPOSED PLAT NOTES

NOTES FOR NONCONFORMING USES PURSUANT TO CITY OF ALAMO HEIGHTS CODE OF ORDINANCES SECTIONS 17-54(6) AND 3-89(6):

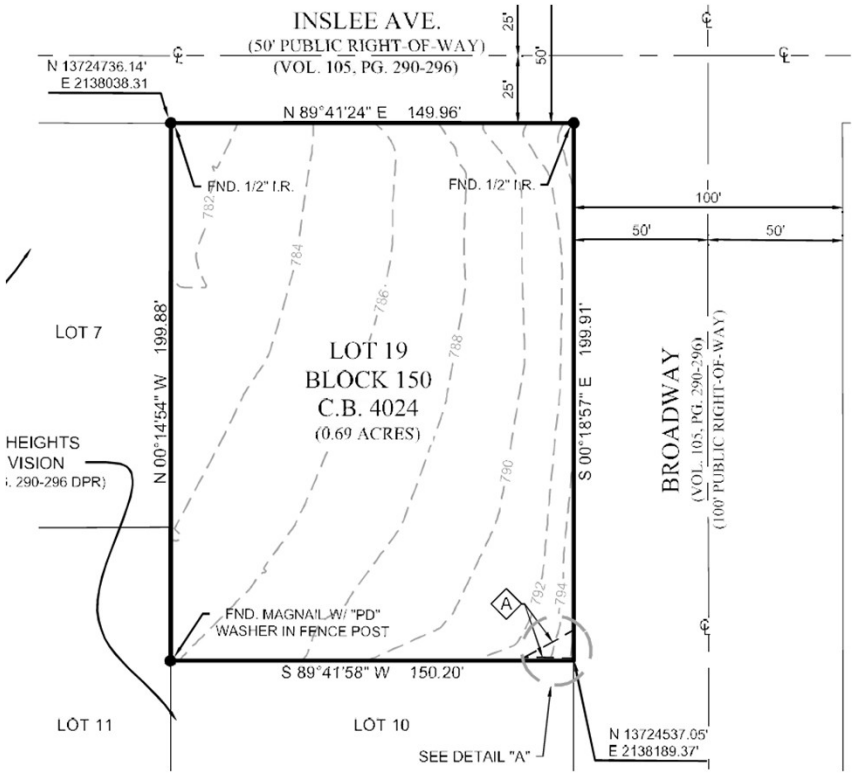
- LOT 19 DOES NOT CONFORM WITH THE MINIMUM REQUIRED CANOPY STREET PLANTINGS PER SECTION 30-70(3) OF THE CITY'S ZONING CODE.
- LOT 19 DOES NOT CONFORM WITH THE MINIMUM REQUIRED PLANTING STRIP WITHIN THE INSLEE AND BROADWAY RIGHT OF WAYS, ADJACENT TO THE CURB, PER SECTION 30-70(4) OF THE CITY'S ZONING CODE.
- LOT 19 DOES NOT CONFORM WITH THE MINIMUM REQUIRED SIDEWALK OF NO LESS THAN FIVE (5) FEET IN WIDTH TO BE INSTALLED ACCORDING TO ADA STANDARDS, LOCATED WITHIN THE INSLEE PUBLIC STREET RIGHT-OF-WAY, ALONG THE INSLEE STREET FRONTAGES, AND ADJACENT TO PROPERTY LINES PER SECTION 3-70(5) OF THE CITY'S ZONING CODE.
- LOT 19 DOES NOT CONFORM WITH THE MINIMUM OFF-STREET PARKING REQUIREMENTS FOR NONRESIDENTIAL USES PER SECTION 3-84(1) OF THE CITY'S ZONING CODE. DEVELOPMENT ON LOT 19 SHALL MEET A MINIMUM OF 75% OF THE OFF-STREET PARKING REQUIREMENT PER SECTION 3-84(1) OF THE CITY'S ZONING CODE.
- LOT 19 DOES NOT CONFORM WITH THE MINIMUM PARKING STALL DIMENSIONS PER SECTION 3-84(2)(A) OF THE CITY'S ZONING CODE. A MAXIMUM OF TWENTY PERCENT (25%) OF THE TOTAL PROVIDED PARKING SPACES CAN BE "COMPACT" PARKING SPACES, HAVING MINIMUM DIMENSIONS OF EIGHT (8) FEET BY SIXTEEN (16) FEET. "COMPACT SPACES" SHALL BE COUNTED TOWARD THE MINIMUM REQUIRED PARKING, NOTWITHSTANDING THE PROVISIONS OF SECTION 3-84(2).
- WITH THE EXCEPTION OF THE NOTES LISTED ABOVE, ALL NEW CONSTRUCTION WOULD BE REQUIRED TO ADHERE TO THE CITY'S ZONING CODE AT THE TIME OF PERMITTING.

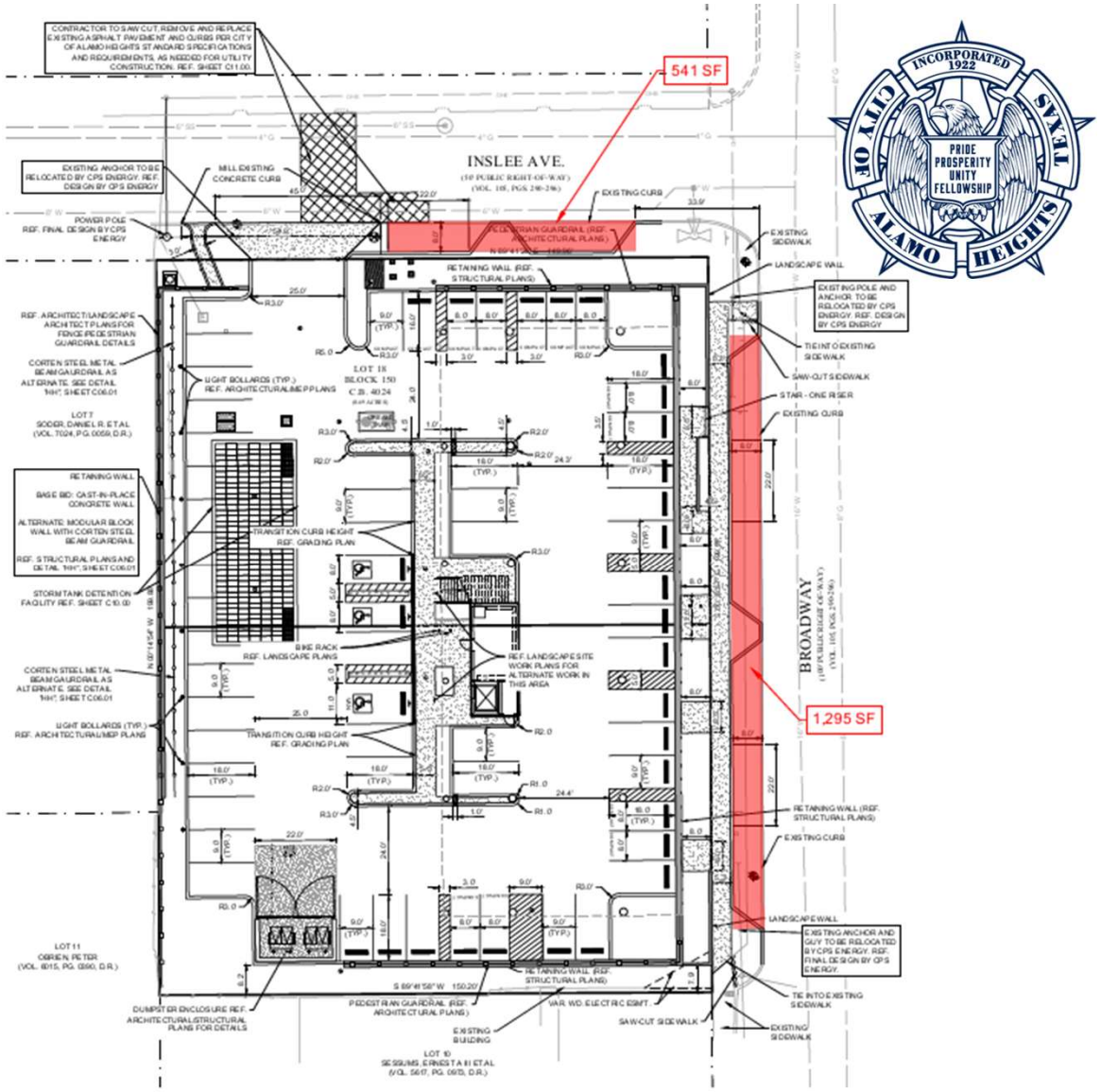
PROPOSED PLAT NOTES

NOTES FOR NONCONFORMING USES PURSUANT TO CITY OF ALAMO HEIGHTS CODE OF ORDINANCES SECTIONS 17-54(6) AND 3-89(6):

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- WITH THE EXCEPTION OF THE NOTES LISTED ABOVE, ALL NEW CONSTRUCTION WOULD BE REQUIRED TO ADHERE TO THE CITY'S ZONING CODE AT THE TIME OF PERMITTING.

ON-STREET PARKING





GROUND FLOOR

POLICY ANALYSIS

- CPS, SAWS, & Public Works approval letters provided.
- Staff coordinated with City Attorney on Replat to Address Variances and ROW Lease Processes
- P&Z – 11/09/2026
  - Recommended approval with conditions:
    1) Use of on-street parking on Broadway St be designated “retail parking only” with appropriate signage
    2) Plant five (5) canopy trees on Broadway St and three (3) on Inslee Ave
    3) Allow a maximum of four (4) single-use parallel parking spaces with angled ingress/egress and canopy tree separation.
  - Does not comply with Chapter 3 Zoning Code - approval is purely discretionary

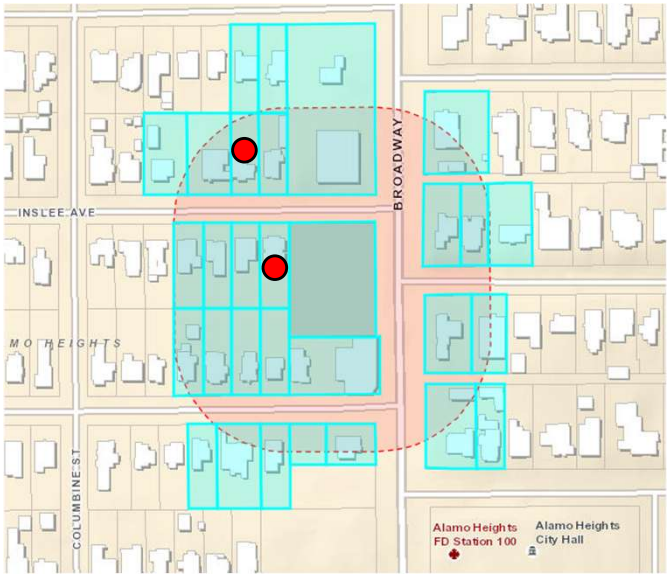
FISCAL IMPACT

- Section 16-104(d) - ROW License Agreement Fee
  - Five (5) year license to use the public ROW
  - The greater of $2,000 or 10% of Fair Market Value of area occupied by encroachment in accordance with Section 16-101(g)
    - Average per sq ft: $50.90*
      - 1836sq ft x $50.90 =$93,452.40
      - 10% of FMV=$9,345.24

** Calculation: Section 16-101(g) average of the per-square-foot Bexar Appraisal District market values in the vicinity of the property in question*

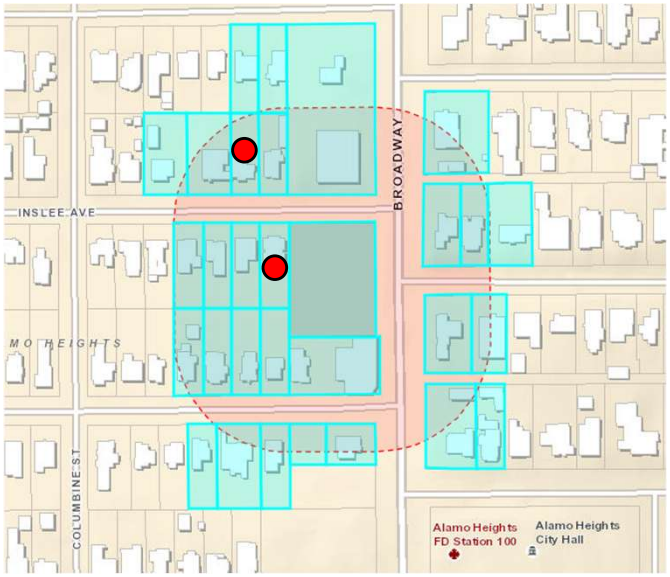
PUBLIC NOTIFICATION - REPLAT

- Postcards – mailed to property owners within a 200-foot radius
- Notices – posted on City website and on property
- Legal Notice – posted in official newspaper of the City (SA Express News)
- **Responses received within 200ft:**
  - Support: (0)
  - Oppose: (2)
  - Neutral: (0)



PUBLIC NOTIFICATION – ROW

- Postcards – mailed to property owners within a 200-foot radius
- Notices – posted on City website and on property
- Legal Notice – posted in official newspaper of the City (SA Express News)
- **Responses received within 200ft:**
  - Support: (0)
  - Oppose: (2)
  - Neutral: (0)



SAWS EMERGENCY INTERCONNECT

ITEM # 13

NOVEMBER 9, 2026

PUBLIC WORKS

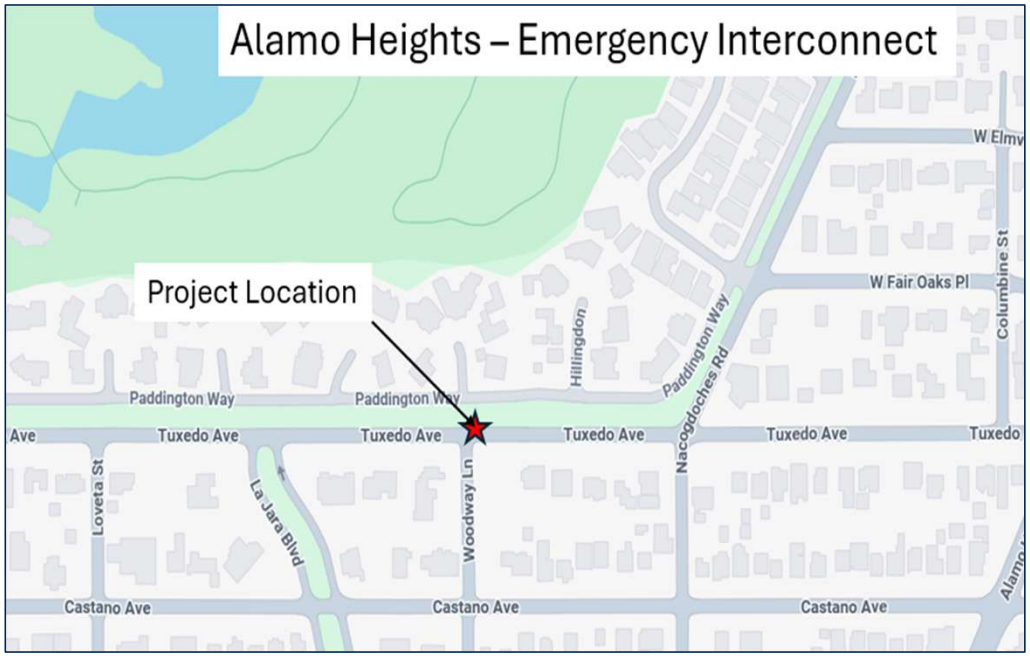
Presented by:
Frank Orta
Public Works Director

SUMMARY

- Public Works is seeking approval allowing the City Manger to enter into an Emergency Interconnect agreement with SAWS
- City Council expressed interest in a SAWS Emergency Interconnect in FY2025
- SAWS agreed to partnership and project design was awarded to Mendez Engineering March 2026 funded through 2026 bond
- Agreement must be presented to SAWS board for final approval December 2026

SAWS EMERGENCY INTERCONNECT

- Design plans and bid documents are at 100% complete pending SAWS plan review
- SAWS December Board will give final approval pending COAH agreement authorization
- Anticipated RFP Winter 2026
- Funded through 2026 debt issuance (Eng. Est. $182,500.00)



POLICY ANALYSIS

- This action is consistent with the City's interest in having adequate emergency services and infrastructure enhancements within the Utility Water and Wastewater assets
- Consistent with the City policy entering agreements with reginal utility partners



POLICY ANALYSIS

- This action is consistent with the City's interest in having adequate emergency services and infrastructure enhancements within the Utility Water and Wastewater assets.
- Consistent with the City policy entering into long term agreements with reginal utility partners.

COORDINATION

- City Engineer (Mendez)
- Public Works
- SAWS
- City Attorney
- City Manager

FISCAL IMPACT

- There is no immediate fiscal impact to enter into this agreement
- RFP award for construction will be brought back to Council for approval
  - Funded by 2026 Certificates of Obligation (Utility Revenues)
- Upon installation, monthly standby fee of $385.18 from Utility Fund
- In event emergency interconnect activated due to catastrophic service loss, SAWS to charge very significant fee for water use/ability to maintain service

2027 LEGISLATIVE PRIORITIES

ITEM # 14

NOVEMBER 9, 2026

ADMINISTRATION

Presented by:
Phillip Laney
Assistant City Manager

SUMMARY

- 90th Legislative Session to begin January 2027
- Stated priorities by outgoing Governor & Lt. Governor would have impacted City's ability to raise revenues, spend funds & execute local authority
- Impending leadership changes likely to result in differing priorities
- Propose considering 2027 Legislative Priorities
  - If adopted, priorities to be communicated to local delegation & legislative advocates

BACKGROUND

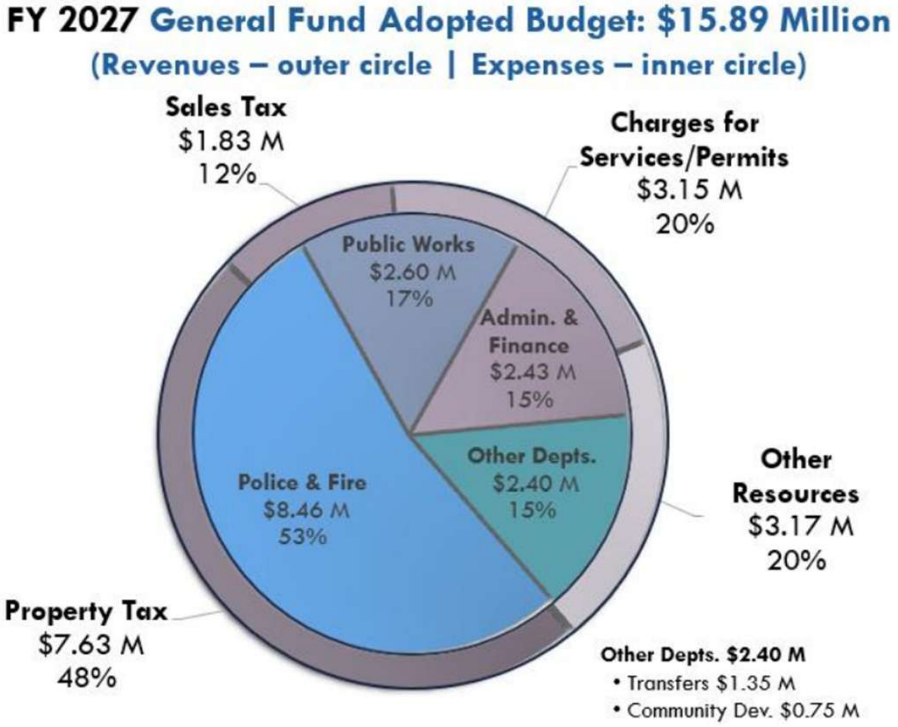
- 90th Legislative Session convenes January 2027
- Several significant issues expected for Texas cities
  - Municipal authority
  - Fiscal authority – revenue (property tax/fees), spending caps
  - Land use regulation
  - Infrastructure
  - State-created property tax exemptions
  - Property valuation
- Priorities stated by outgoing Governor & Lt. Governor to impact local revenue & spending authority

BACKGROUND

- November 3rd midterm election resulted in massive legislative upheaval
  - Texas Democrats flipped every statewide seat on the ballot, including US Senate, Governor, Lt. Governor & Attorney General
  - Texas House has Democratic majority & Speaker
  - Texas Senate retains Republican control
- Incoming leaders expected to be more agreeable to municipal priorities

BACKGROUND

- Further loss of municipal authority regarding revenue (esp. property tax) & spending = reduce City's ability to provide services at community's expectations
  - Property Taxes raise $7.63 M
  - Public Safety costs $8.46 M – 11% more than amount Property Taxes generate



BACKGROUND

- Proposal for Council to adopt a City legislative agenda to be communicated w/ state officials & regional partners
- Advocacy partners & roles

Partner	Roles
Legislative support consultants (Grey Havens Strategies – formerly Grace & McEwan)	Identify strategic relationships & communicate potential legislative impacts
Legislative delegation (state officials)	Present the adopted platform, provide local data & maintain direct communication
Texas Municipal League	Coordinate statewide municipal positions, bill tracking and member advocacy
Similarly affected communities	Support coalition efforts to communicate impacts & leverage voices

PROPOSED 2027 LEGISLATIVE PRIORITIES

Municipal fiscal authority

- Preserve revenue, tax rate & spending autonomy
- Maintain current property tax & sales tax exemptions unless fully-funded
- Fully fund spending mandates

Local authority over responsible growth

- Maintain city authority over land use
- Oppose broad preemption preventing City response to local conditions
- Restore ability to regulate local land use
- Retain ability to use local tools for economic development

PROPOSED 2027 LEGISLATIVE PRIORITIES

Support water & infrastructure investment

- Preserve local & regional authority to manage & protect groundwater
- Support accessible state grants for infrastructure
- Support timely notice for state permitting requirements

Recognize & respect small-city conditions & local voices

- Support reasonable population brackets for policies with burdens on small cities
- Support state public safety & infrastructure programs
- Support ability of local voices to communicate priorities & needs

PROPOSED 2027 LEGISLATIVE PRIORITIES

- If adopted, 2027 Legislative Priorities would have multiple audiences:
  - General public
  - Local delegation
  - Legislators & state leaders
- Grey Havens would utilize Priorities in support of their efforts related to the run-up and during the 90th Legislative Session

UPCOMING KEY DATES

- Fall 2026 – Committees issue interim reports w/ recommendations for action items during 90th Lege.
- November 3, 2026 – General election
- November 9, 2026 – Pre-filing of legislation begins
- January 12, 2027 – 90th Legislature convenes
- March 12, 2027 – Bill filing deadline
- May 31, 2027 – Sine die

POLICY ANALYSIS

- Consistent with City's efforts to educate & inform public, state officials & regional partners on potential impacts of legislation
  - City authority on fiscal matters & local decision-making to help ensure community demands & expectations are met

COORDINATION & FISCAL IMPACT

- Coordination
  - Grey Havens Strategies
  - City Attorney
  - City Manager

- Fiscal Impact
  - No direct fiscal impact with Council action
  - Legislation adopted counter to City's priorities may create fiscal impacts that limit revenues, spending authority & ability to meet community's service expectations

COMMUNITY IMPROVEMENT GRANT AWARD

ITEM # 15

NOVEMBER 9, 2026

ADMINISTRATION

Presented by:
Phillip Laney
Assistant City Manager

SUMMARY

- Council budgeted $50,000 in FY 2027 to support groups that oversee parks & other community assets
- Five (5) interested groups submitted improvement projects for funding consideration
- Propose awarding funding to 2 organizations that achieve a public purpose:
  - Alamo Height-Terrell Hills Garden Club
  - Friends of the Hondondo Creek Trails

BACKGROUND

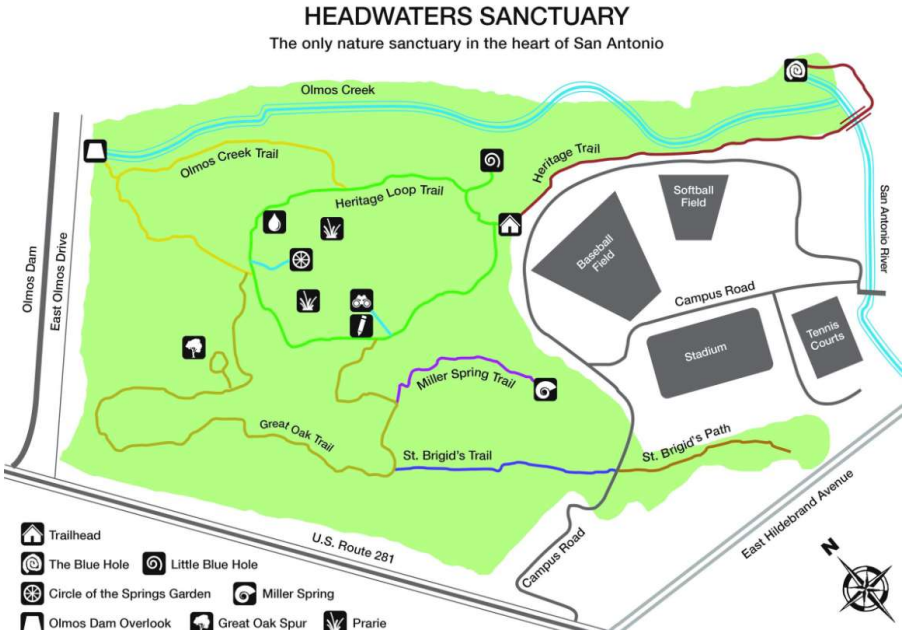
- Local community groups, non-profit organizations & groups of engaged residents envision, develop & maintain public parks & other community assets
  - Historically operate on private funding, donations and/or fees
- Since FY 2023, Council priority to use City funds to support groups' efforts that achieve public purpose
  - $50,000 included in current FY 2027 Budget (Year 5)

BACKGROUND

- Community Improvement Grant (CIG) funding allocated via competitive process
- Five (5) groups submitted project applications totaling $141,900
  - Headwaters at Incarnate Word - $50,000
  - Alamo Heights Little League - $40,000
  - Alamo Heights-Terrell Hills Garden Club - $33,000
  - Friends of Hondondo Creek Trails - $13,500
  - Alamo Heights Optimist - $5,400

HEADWATERS AT INCARNATE WORD

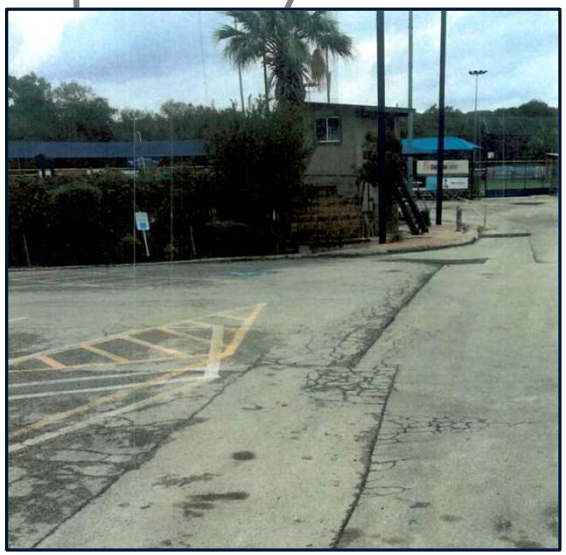
- Requested $50,000 to support Habitat Restoration Program
  - Promotes native habitat transformation through
    - Invasive plant removal
    - Forrest floor restoration
    - Native tree documentation
    - Limit invasive plant spread
- CIG award amount to date: $30,000 (FY 2025)



ALAMO HEIGHTS LITTLE LEAGUE

- Requested $40,000 for parking lot improvements around AH Little League fields
  - Improvements to include patch repairs, seal coat, restriping, asphalt pathways & concrete swales
- Total cost for parking lot improvements is $75,390
- CIG award amount to date: $25,228 (FY 2026)







ALAMO HEIGHTS-TERRELL HILLS GARDEN CLUB

- Requested $33,000 enhancement & beautification of Butterfly Garden at Jack Judson Nature Trails entrance
- Improvements to include:
  - Accessible community gathering space & walkways
  - Invasive plant barriers
  - Improve drainage conditions
- CIG award amount to date: $0

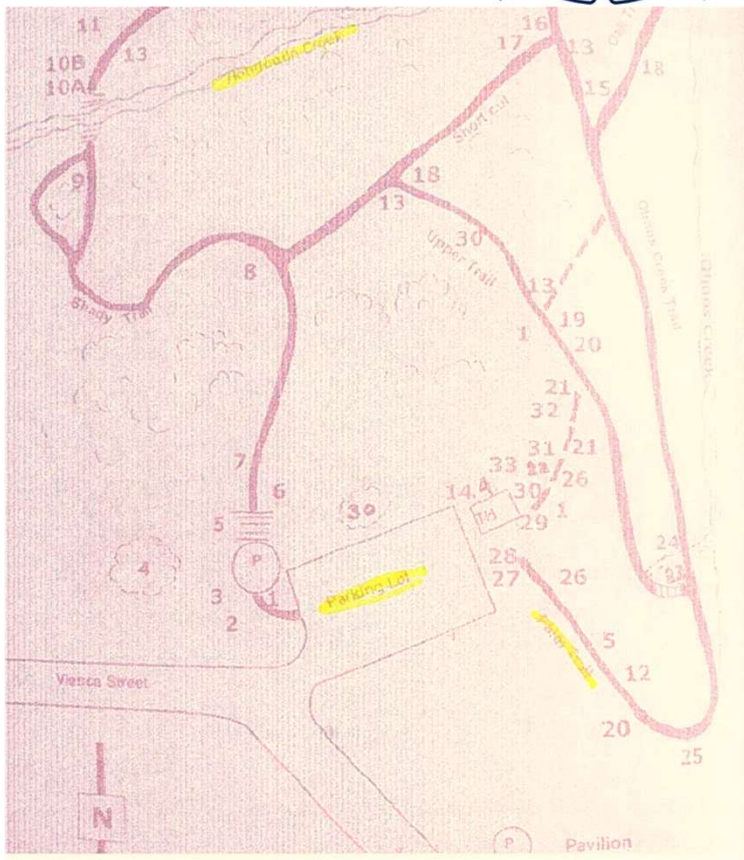






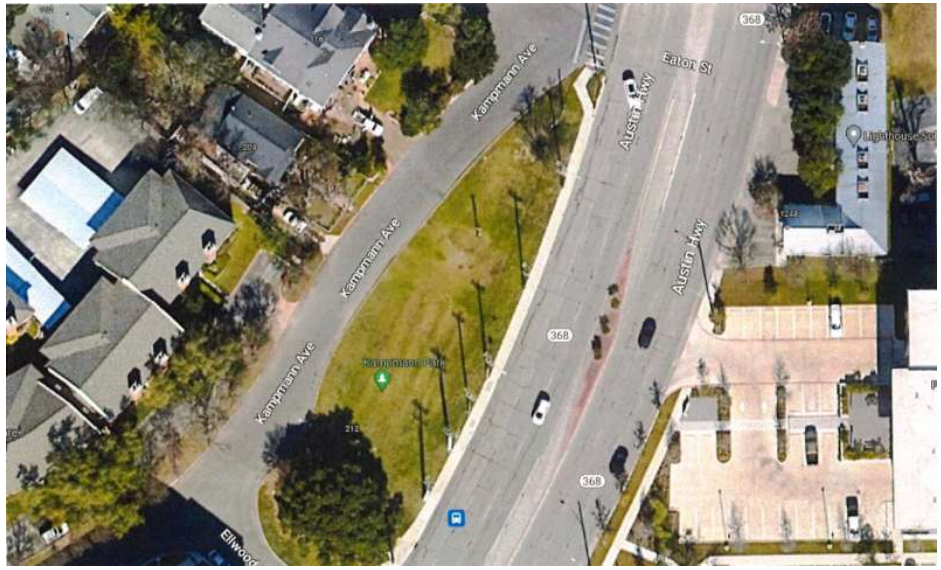
FRIENDS OF THE HONDONDO CREEK TRAILS

- Requested $13,500 for trail safety improvements at Jack Judson Nature Trails
  - Funds for storm damage/debris & trash removal
    - Contractors to remove downed trees & debris
    - Partner with River Aid/volunteers for trash removal
- CIG award amount to date: $33,500 – $12,500 (FY 2023) & $21,000 (FY 2026)



ALAMO HEIGHTS OPTIMIST CLUB

- Requested $5,400 to add trees at Albert Earl Plaza
  - 212 Kampmann
- Improvements intended to replace trees that have died & cut down
  - Install 3 Monterrey Oaks



FUNDING AWARD CONSIDERATIONS

- Each grant application evaluated according to organization's
  - Goals & experience
  - Project proposal
  - Anticipated project impact
  - Return on City investment & leveraged outside funding
  - Project completion timeline

FUNDING AWARD PROPOSAL

- Propose awarding $50,000 in total funding for 2 projects/organizations:
  - Alamo Heights-Terrell Hills Garden Club - $33,000
  - Friends of Hondondo Creek - $17,000
    - Proposed funding exceeds $13,500 requested amount
    - Additional to be used for extra clean-ups, as needed

POLICY ANALYSIS

- Award of Community Improvement Grant funds consistent with City's efforts that achieve a public purpose by providing quality recreational services to citizens of Alamo Heights

COORDINATION

- City Attorney
- City Manager

FISCAL IMPACT

- Propose to award Community Improvement Grant funds for following projects:
  - $33,000 to Alamo Heights-Terrell Hills Garden for Butterfly Garden enhancements such as accessible patio and walkways
  - $17,000 to Friends of Hondondo Creek Trails for trail safety improvements to clear downed limbs & trees & trash
- Total grant award of $50,000 available in FY 2027 Adopted Budget from Comprehensive Plan Fund

HEALTH INSURANCE RENEWAL

ITEM # 16

NOVEMBER 09, 2026

ADMINISTRATION

Presented by:
Buddy Kuhn & Phillip Laney

SUMMARY

- HUB obtained renewals for medical, dental, life, AD&D, LTD, and vision insurance coverage for 2027
- Renewals obtained for medical were initially 32% higher and ultimately reduced to a 22% increase
  - The city budgeted for a 25% increase
- Next Level Prime increase 6% and utilization
- Alternative plan designs explored for medical coverage, namely captive self-insurance
  - Proposal to transition to self-insured plan with protections vs. current fully insured plan with BlueCross BlueShield

CURRENT EMPLOYER PAID COVERAGE AND PROPOSED INCREASES FOR 2027

- Medical:
  - BlueCross BlueShield is proposing a 22.1% increase for the HSA base plan – City budgeted 25% - Difference of 2.9%
- Dental: 9% increase Mutual of Omaha or $6,142.92 annually
- Next Level Prime – 6% or $3,203 annually
- Basic life and AD&D – No increase with Mutual of Omaha
- LTD – 13.04% increase or $1,850.05 annually
- No increase for vision with MetLife-Davis

MEDICAL INSURANCE

- City fully insured by BlueCross BlueShield
  - City pays premiums to insurer, insurer pays claims incurred by employees & dependents on plan
  - City pays 100% of premiums for employees
  - Dependents/spouses coverage is offered to employees, but City typically does not pay for dependents
    - Portion paid by City Council in 2026 to minimize cost increase
    - Of roughly 100 employees, 22 have dependents/spouses on City's plan

MEDICAL INSURANCE

- Health insurance rates increasing rapidly nationwide & in Texas, including with BlueCross BlueShield
- Since 2021, BCBS have offered rate increases as low as 5.6% & up to 32.5%, even in years where claims cost less than amount paid to carrier
- Final adopted rate increases have been better, but cost trend expected w/ BCBS & other fully insured plans
- In 2027, across org's of City's size, BCBS proposing 30% average increase, regardless of claims
  - Initial offer of 32% - revised to final offer of 22.1%
  - 2nd year in a row City has negative loss ratio (claims exceed premiums) – driven by high-cost claims
  - If 22.1% increase adopted, total increase of 40% in past 2 plan years

RENEWAL HISTORY - BLUECROSS

Year	Original Rate Action	Final Rate Action	Loss Ratio	Premium	Claims Paid
2021	16.3%	9.96%	--	--	--
2022	10.7%	3.48%	73%	--	--
2023	5.61%	0%	65%	$678,081	$496,441
2024	6.35%	-3.6%	99%	$685,604	$443,313
2025	11.8%	-3.5%	106.3%	$669,975	$661,527
2026	32.5%	17.3%	128%	$756,412	$968,207
2027 Proposed	**32.5%**	**22.1%**	**TBD**	**$923,559**	**TBD**

NEXT LEVEL PRIME

- City currently covering all employees and spouses/dependents for care at Next Level clinics - $63K annual cost in 2026
  - Of 266 monthly members, 52% have utilized program
- Strong utilization of services through Next Level Prime have reduced anticipated claims amount
  - $264K projected savings to date
  - 65 ER visits saved - $180K savings (very conservative amount)

nextlevel

City of Alamo Heights

Total Employer Service Value	Total Cost of Prime	Total Savings	Savings vs Self Funded Plan
$310,999	$47,004	$263,995	84.89%

FUNDING OPTIONS – FULLY INSURED VS. SELF-INSURED

- Council direction in SAP to explore different plan designs from fully funded private insurance (e.g. current BCBS plan), including self-insurance through captive insurance pool
- Fully funded private insurance
  - City pays provider to administer health insurance, pay claims (same as self-insured)
    - Limited details provided on costs, claims
  - If payments provider pays are less than premiums, City pays, & remainder retained by provider (profit)
  - If payments provider pays exceed premiums City pays, provider covers difference & charges City increased premium in following year(s)

FUNDING OPTIONS – FULLY INSURED VS. SELF-INSURED

- Self-insured through captive plan (ParetoHealth)
  - City may self-insure for healthcare by setting aside money to pay for employee claims instead of purchasing insurance from a carrier
  - City pays captive company to join member-only pool of other small to midsize employers to self-insure collectively
  - City pays into captive for 3 main expenses:
    - Administration of network (carrier – Aetna)
    - Insurance for large $ claims & high aggregate claims (medium $ claims, but many of them)
    - Direct payment of smaller claims (through carrier)

FUNDING OPTIONS – FULLY INSURED VS. SELF-INSURED

- Self-insured through captive plan (ParetoHealth) continued
  - City projects amount of future claims & budgets accordingly – aggressive (best case) vs. conservative (worst-case)
  - Captive uses City funds to pay for claims by employees & dependents
    - Continuation of NextLevel Prime to contribute to lower claims amounts
  - High $ claims (over $60K) paid by pooled captive funds; amounts under $60K claims paid by City up to maximum stop loss of $577K
  - If City pays into captive more than is paid in claims, captive allows for return of funds to City
  - Employees – use like they would today
  - HUB is bringing self-insured option from ParetoHealth for consideration

FUNDING OPTIONS – FULLY INSURED VS. SELF-INSURED

- Impacts to Employee
  - Employees see little practical difference between two funding sources
    - Plan design to stay the same – PPO, same deductibles, out of pocket max, copays, etc.
    - Claims handled with same procedures
    - Captive does have resources to steer employees service providers w/ negotiated costs for service
  - Captive would require change in network – to Aetna form BCBS
    - Disruption to employees, even if current doctors accept Aetna
    - Aetna major carrier, but current in-network BCBS doctors may not accept

FUNDING OPTIONS – FULLY INSURED VS. SELF-INSURED

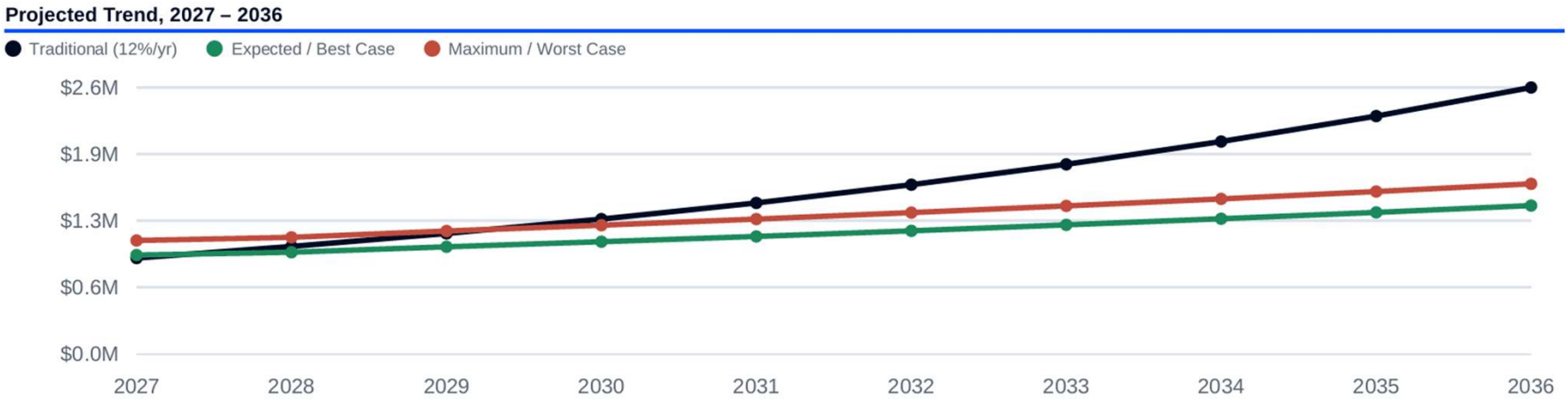
- Impacts to City: Fully Funded
  - Positives to fully funded design
    - Current-year risk held by provider – premiums paid not tied to in-the-year claims (budgeting more predictable)
    - Long-term relationships & employee familiarity
    - All employees covered & coverage offered to spouses/dependents
  - Negatives to fully funded design
    - The less carrier spends, the more they keep – savings not returned to City
    - Limited ability to manage claim costs
    - Ever-rising costs, regardless of claims paid/loss ratio
      - Success in one year not linked to costs for the next

FUNDING OPTIONS – FULLY INSURED VS. SELF-INSURED

- Impacts to City: Self-Insured
  - Positives to self-insured design
    - All employees covered & coverage offered to spouses/dependents – no exclusions
    - The less we spend, the more we keep – savings returned to City & can be reinvested into program
    - Greater ability to manage claims, lower spend – while providing high-quality health care/support to employees
    - Transparency for costs, including claims
    - Longer-term view (5-10 years) of how to manage expenses
  - Negatives to self-insured design
    - Risk that in-the-year claims exceed amount paid into fund
      - Plan proposed that City would pay for mitigation measures (insurance for high $ claims & aggregate claims)

COST PROJECTIONS BY DESIGN TYPE

- Projected cost of City's traditional, fully-insured plans projected to rise at least 12% annually over next 10 years
- Self-insured plans with Pareto project lower growth rate annually, even when budgeting for maximum, worst case claims results



SELF-INSURED COST SCENARIOS

- Expected/best case (**aggressive budgeting**)
  - Cheaper annual cost & positive cumulative savings projected in Year 2 (2028)
  - Cumulative savings in Years 1-5 - **$721K** & over Years 1-10 - **$4.547M**

		Fully-Funded	Self-Insured		
			Best-Case Projection (Aggressive Budgeting)		
Year	Calendar Year	Traditional Fully-Funded 12%	Expected	Annual Saving	Cumulative Savings
1	2027	923,558	925,451	(1,893)	(1,893)
2	**2028**	**1,034,386**	**978,643**	**55,743**	**53,850**
3	2029	1,158,512	1,030,903	127,609	181,459
4	2030	1,297,533	1,079,871	217,662	399,121
5	2031	1,453,237	1,131,164	322,073	721,194
6	2032	1,627,626	1,184,895	442,731	1,163,925
7	2033	1,822,941	1,241,177	581,764	1,745,689
8	2034	2,041,694	1,300,133	741,561	2,487,250
9	2035	2,286,697	1,361,889	924,808	3,412,059
10	2036	2,561,101	1,426,579	1,134,522	4,546,581
Total Years 1-5		***5,867,226***	***5,146,032***	***721,194***	
Total Years 1-10		***16,207,286***	***11,660,705***	***4,546,581***	

SELF-INSURED COST SCENARIOS

- Worst case (**conservative budgeting**)
  - Cheaper annual cost in Year 4 (2030) & positive cumulative savings projected in Year 6 (2032)
  - Cumulative savings in Years 1-5 – **($66,000)** & over Years 1-10 - **$2.8M**
  - **If directed to transition to self-insured w/ Pareto, staff recommended approach**

		Fully-Funded	Self-Insured		
			Worst-Case Projection (Conservative Budgeting)		
Year	Calendar Year	Traditional 12%	Maximum	Annual Saving	Cumulative Savings
1	2027	923,558	1,092,411	(168,853)	(168,853)
2	2028	1,034,386	1,122,452	(88,066)	(256,919)
3	2029	1,158,512	1,182,391	(23,879)	(280,798)
4	2030	1,297,533	1,238,555	58,978	(221,820)
5	2031	1,453,237	1,297,386	155,851	(65,969)
6	**2032**	**1,627,626**	**1,359,012**	**268,614**	**202,645**
7	2033	1,822,941	1,423,565	399,376	602,021
8	2034	2,041,694	1,491,185	550,509	1,152,530
9	2035	2,286,697	1,562,016	724,681	1,877,212
10	2036	2,561,101	1,636,212	924,889	2,802,101
	Total Years 1-5	**5,867,226**	**5,933,195**	**(65,969)**	
	Total Years 1-10	***16,207,286***	***13,405,185***	***2,802,101***	

TRANSITION TIMELINE - SELF-INSURED

- To transition to self-insured through ParetoHealth, formal action must be taken the week of November 16th, 2026
- Benefit of approving this year is current employees and dependents all accepted into the plan – no exclusions now & never in the future
- Entire portfolio must be built with all employees & dependents by 01/01/2027 to ensure coverage

COST IMPACTS TO EMPLOYEES

- Currently, all employees covered by the city at 100% for health, vision, dental & LTD
- Council did absorb 8.5% of dependent coverage increase in 2026
  - Originally 17% increase for 2026, or approximately $8,000 spread across 22 employees or $30 PMPE
- Currently 22% of workforce have dependent coverage encompassing 51 dependents

COST IMPACTS FOR EMPLOYEES WITH DEPENDENT COVERAGE

			BCBS Proposed 2027			Pareto Proposed 2027		
2027 PROPOSED	**Enrolled**	**BCBS Current**	**Annual EE Cost**	**Annual Increase**	**Monthly Increase**	**Annual EE Cost**	**Annual Increase**	**Monthly Increase**
Employee Only	77	$0	$0	$0	$0	$0	$0	$0
Employee + Spouse	4	$7,433	$9,075	$1,642	$137	$10,685	$3,252	$271
Employee + Child(ren)	15	$3,964	$4,840	$875	$73	$5,698	$1,734	$145
Employee + Family	3	$10,664	$13,020	$2,356	$196	$15,330	$4,666	$389
Estimated Annual Premium	**99**	**$759,880**	**$927,793**	**$167,913**		**$1,092,411**	**$332,531**	
Employee Coverage of Premium		***$121,188***	***$147,955***	***$26,767***		***$174,206***	***$53,018***	
City Coverage of Premium		***$638,693***	***$779,839***	***$141,146***		***$918,205***	***$279,513***	
% Increase				**22.1%**			**43.8%**	
3.5% COLA Increase - $50,000 Salary				$1,750	$146		$1,750	$146
3.5% COLA Increase - $70,000 Salary				$2,450	$204		$2,450	$204

- Rate Increases: 2027 BCBS renewal - 22.1% **or** Transition to Pareto – 43.7%
- FY 27 COLA for all employees effective 10/01/26 - 3.5%
- For EE earning $70K per year, 3.5% COLA equates to $2,450 annually, or $204 per month
  - 3.5% COLA could absorb projected BCBS increases if have spouse/dependent coverage
  - 3.5% COLA could NOT absorb projected Pareto increases if they have spouse or family coverage, children increase could
- Total EE spend could be higher, especially when factoring deductibles & other out-of-pocket costs
  - $17K deductible w/ BCBS & $21K deductible respectively before insurance kicks in

FISCAL CONSIDERATIONS

- First-year cost increase moving to self-insured – 43.8%
- Impacts to employees with dependents – 43.8%
- Council desire to move to more predictable and controllable insurance plan for sustainability
- Consideration to minimize impacts to employees with dependents – options

			Pareto Proposed 2027			Options	
2027 PROPOSED	Enrolled	BCBS Current	Annual EE Cost	Annual Increase	Monthly Increase	City Covers 50% of Increase	City Covers 75% of Increase
Employee Only	77	$0	$0	$0	$0	$0	$0
Employee + Spouse	4	$7,433	$10,685	$3,252	$271	$1,626	$813
Employee + Child(ren)	15	$3,964	$5,698	$1,734	$145	$867	$434
Employee + Family	3	$10,664	$15,330	$4,666	$389	$2,333	$1,167
Estimated Annual Premium	99	$759,880	$1,092,411	$332,531			
Employee Coverage of Premium		$121,188	$174,206	$53,018		$26,509	$13,255
City Coverage of Premium		$638,693	$918,205	$279,513		$26,509	$39,764

PROPOSALS FOR CONSIDERATION

- Maintain existing plans/carriers for non-medical benefits
- Continue fully funding Next Level Prime healthcare plan - $66K in 2027
- Transition to self-insured funding source for medical insurance through ParetoHealth
- Provide financial assistance to offset cost increases for employees with spouse/dependent coverage
- Engage employees on potential disruptions with new carrier (Aetna) & potential financial benefits of cost-conscious care
- Create dedicated enterprise fund to manage medical health benefits