

CITY OF ALAMO HEIGHTS
CITY COUNCIL
December 18, 2019

A workshop 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 Wednesday, December 18, 2019.

Present and composing a quorum were:

Mayor Bobby Rosenthal
Mayor Pro-Tempore Wes Sharples
Councilmember Lawson Jessee
Councilmember Fred Prassel
Councilmember Lynda Billa Burke
Councilmember John Savage

Also attending were:

City Manager Buddy Kuhn
Assistant to the City Manager Marian V. Mendoza
Community Development Services Department Director Nina Shealey
Finance Director Robert Galindo
Police Chief Rick Pruitt
Public Works Director Pat Sullivan
City Secretary Jennifer Reyna

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Mayor Bobby Rosenthal opened the meeting at 8:32 a.m.

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Item #1 Mayor Rosenthal read the following caption.

A workshop to discuss a future bond election for the lower Broadway reconstruction

City Manager Buddy Kuhn stated the workshop is to provide Council an update on the option of a future bond election for the reconstruction of lower Broadway. Financial Advisor Anne Entrekin-Burger and Bond Counsel Tom Spurgeon, Samantha Schwarze, Landscape Architect, Overland Partners, and Landscape Consultant Matt Fischer were present.

Mr. Kuhn provided updated and background information. He reported staff meets on a monthly basis with the Texas Department of Transportation (TxDOT) and LJA Engineers for the reconstruction of lower Broadway. He stated 7/10 mile of proposed lower Broadway reconstruction project consists of street sidewalks, storm water,

underground utilities (water, sewer, gas), burial of overhead utilities, and landscaping. Mr. Kuhn stated Broadway and Austin Highway are 1.13 miles in total length. Mr. Kuhn provided background information beginning with a timeline as of 2017 and the entities involvement. He stated the City is continuing to work with Bexar County and a parking study had been initiated.

Original costs estimates were presented in a chart categorized by scope: Roadway (Austin Highway to Burr), regional storm water, landscaping, and utilities (underground and burial) for a total cost of \$34,483,283. Funding commitments were identified. For streets and sidewalks, the Metropolitan Planning Organization (MPO) has committed \$10M, Texas Department of Transportation (TxDOT) in the amount of \$4M (plus cost estimates, design, engineering and project management). The San Antonio River Authority (SARA) has committed \$1,300,500 and will be earmarked in SARA's FY21 budget. The City of Alamo Heights is exploring underground utilities and landscaping options using the Utility Fund and issuing general fund debt. Mr. Kuhn reported last week, Bexar County provided a verbal commitment for storm drainage and will continue to work with Bexar County.

Overhead utility burial cost estimates were presented. Mr. Kuhn reported a meeting was held with utility stakeholders in November 2019 and utility providers conveyed no interest in conducting burial of utility lines. LJA Engineers reported to the City, an estimate of utility burial costs of \$7M - \$20M. Staff utilized an estimate of \$2,000 per linear foot (\$11,088,000 not to include landscaping items). Alternative options were presented to contribute lower cost estimates. Alternative options included more modern poles, reduction of lines crossing Broadway, clean up of existing Telecom, and conversion of existing street lights to pedestrian lights. Mr. Kuhn shared AT&T is not interested in conducting burial of utility lines and noted a large sewer line at Patterson that may create additional conflict.

Mr. Kuhn reported Overland Architects (landscape architects) had been working with SARA on a landscaping plan. An initial cost estimate is \$7,864,927. Renderings of different intersections were presented on proposed Broadway streetscape concepts to include median, on-street parking, pedestrian lighting, small nodes, utility lines, and burial of utility lines. Ms. Schwarze further described the renderings with the intent in creating a pedestrian friendly area and the importance of Alamo Heights taking leadership of being conscientious of water drainage. Mr. Fischer explained the purpose of rain guard and process. Mr. Kuhn stated SARA's funding would support landscape improvements such as rain guard.

Council asked questions regarding landscaping benefits, telecom providers, parking, and maintenance.

Overland Architects and staff responded to their questions. Ms. Schwarze stated a parking space or two are dedicated to landscaping and commented the need for on-street parking because it is ideal for a landscaping plan. She shared she is working with another parking consultant on a different project and both have observed the parking management

trend utilizing curb management with a designated drop off location. Community Development Services Department Director Nina Shealey stated Verizon will be installing a node on a CPS Energy pole near Central Market that will adhere to the City's Design Guidelines. Mr. Sullivan expressed concern that drainage will be addressed; however, suggested to build within the landscaping design a way in which maintenance will be minimal. Councilmember Jessee stated funds will need to be earmarked for maintenance as Councilmember Billa Burke inquired about maintenance costs. Mr. Kuhn commented the parking study will provide additional information once completed. Ms. Shealey reported the parking study is compiling information and expected to be completed in March 2020.

Ms. Shealey presented three options that proposed a project cost range for \$29,424,000 - \$47,030,494 that highlighted different scenarios of utilities and landscaping as she commented roadway and drainage do not change. Option 1 is the "cadillac" version to include utility burial. A graph was displayed to include segment, components and cost. The cost range is estimated at \$40,512,000 - \$47,030,494. She identified the funding gap with and without Bexar County's support. Option 2 includes clean overhead utilities estimated at \$30,424,000 up to \$36,942,494. She presented small chart of funding gap with and without Bexar County's support. Option 3 is maintaining overhead and keeping utilities as is solely addressing water, sewer, and landscaping for a cost range of \$29,424,000 up to \$35,942,494. She reviewed funding gaps. A summary of all three options were presented to include differences and total amount of proposed project. She presented a chart of the funding gaps and entities that earmarked financial support to the project.

Mr. Kuhn stated two financial scenarios were prepared by Hilltop Securities to guide Council's decision on next steps. He introduced Anne Entrekin-Burger.

Ms. Entrekin-Burger stated a series/aggregate debts and capacity analysis were prepared. She explained the difference between series and aggregate debts, highlighted flexibility, presented growth/no growth scenarios to include general assumptions: 2019 certified values provided by Bear County Appraisal District, "AAA" interest rates as of December 9, 2019 plus 80 basis points, and assumed tax collection rate of 99.20%.

There was a discussion among Council regarding debt service, floodplain and tax valuations/increase. Finance Director Robert Galindo referenced in today's business report within the newspaper, tax valuations are expected to increase about 2% to 3% for 2020, it is estimated at a 3% increase. He reminded Council of Dr. Steve Nivin's economic impact analysis as a resource. Mr. Galindo recalled the economic impact analysis report noted an increase of tax valuations at 6% increase over the last 20 years and the scenarios are conservative using 3%. Ms. Shealey stated \$7M for floodplain property taxes over 20 years. She explained the calculation process based on projections. Mr. Kuhn stated an environmental impact study is being conducted.

Mr. Kuhn briefly spoke on the timing on calling of the bond election. A bond election in May 2020 would maintain project momentum. He stated ballot language and

all financial obligations must be complete prior to ordering the election in February 2020. In November 2020, a special election for the ½ cent sales tax renewal for street maintenance will be ordered. He shared of a potential Alamo Heights Independent School District bond election as well for November 2020 along with the presidential election. In May 2021, a bond election is not impossible; however, TxDOT would like the City to assume the take back commitment of Broadway with a requirement of a commitment letter. He commented TxDOT will stop on the project if the City is not committed after May 2020. Mr. Kuhn shared TxDOT suggested a community engagement survey to obtain feedback from citizens to guide the City and the need to educate citizens on the bond election.

Ms. Shealey informed Council of a Tax Increment Reinvestment Zone (TIRZ) and a Public Improvement District (PID) on designated properties. She explained the purpose, financial amount, and necessary steps to establish a TIRZ or PID. With a TIRZ, she stated there is no benefit for the City; however, a benefit if Bexar County participates in the project. She estimated \$690,000 to \$2.6M over 20 years depending on the percentage of Bexar County's commitment on a TIRZ. With a PID, she stated .15 per \$100 assessed value at \$3.9M over 20 years. Councilmember Jessee stated he had spoken with property owners that expressed support on a PID. Ms. Shealey added there will be maintenance costs and PID will be utilized as maintenance upkeep but not before the project. Ms. Shealey summarized PID would be ideal if the property owners are willing to tax themselves.

Mr. Kuhn summarized the work required to order an election in May 2020 and asked Council for direction so staff may prepare.

Councilmember Jessee stated this is a one-time project and there is a need to do it right once. He expressed support in option 2 with the caveat to consider installation of duct bank as similar in the City of San Antonio's process. He stated it may be installed through sidewalks and there is a low impact cost. Councilmember Jessee commented \$13M is not enough and stated most likely \$15M bond is ideal.

There was further discussion among Council on what option to consider, Bexar County's commitment and timing of election. Mr. Tom Spurgeon stated a sub proposition is needed within the ballot language because of different projects and shared the drainage proposition will need to be separate. He stated the proposition needs to be specific and include an amount not to exceed, identify a maximum amount. Councilmember Jessee asked about working with Bexar County's financial commitment over two fiscal years.

Mayor Rosenthal suggested a special meeting to obtain information on the additional scenarios. He also suggested a May 2020 bond election and consider the City's ability to fund a portion of landscaping. Ms. Entrekin-Burger will prepare on a 25-year bond with a 1% or 1.5% tax rate increase.

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There being no further business, Mayor Rosenthal adjourned the meeting at 10:41 a.m.



Bobby Rosenthal
Mayor



Jennifer Reyna
City Secretary