

CITY OF ALAMO HEIGHTS  
CITY COUNCIL  
February 4, 2020

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 Tuesday, February 4, 2020.

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  
Community Development Services 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 8:36 a.m.

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*Item #1* Mayor Rosenthal read the following caption.

**A workshop to discuss a potential 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 were present.

Community Development Services Department Director Nina Shealey began the PowerPoint presentation with a chart that displayed the original cost estimates that were provided by the Texas Department of Transportation (TxDOT). The total estimate is \$34,482,922 for the scope of Roadway Improvements (Austin Highway to Burr), regional storm water drainage, minimal landscaping, and utilities (underground and burial). She noted the cost estimate included a 25% contingency.

Ms. Shealey presented information on Option # 3 for an estimated total project cost of \$32,232,380, excluding 25% contingency from TxDOT's original cost estimate. Option 3 is the option making improvements with maintaining overhead utilities as is; however, duct banks would be installed for the future development projects that would require burial of utilities. Ms. Shealey commented the cost of duct banks was an estimate provided by LJA Engineering. She displayed a chart that identified each segment of the project scope: roadway, utilities, drainage, landscaping, storm water and duct banks.

Entities that have made financial commitments to the project were identified. The Alamo Area Metropolitan Planning Organization (MPO) has committed \$10M and TxDOT in the amount of \$4M for street and sidewalk improvements. The San Antonio River Authority (SARA) has committed \$1,300,500 for low impact design landscaping which will be earmarked in SARA's FY21 budget. The City of Alamo Heights estimated \$4,268,880 for installation of duct banks for future development, \$2.1M for water/sewer lines, and \$10,950,000 for storm water drainage.

Mr. Kuhn briefly reviewed funding costs to compare cost estimates with the project scope with the duct bank, without the duct bank, and Phase 1 landscaping (minimal) and identified the funding project gaps. He stated the amount of issuance of General Obligation bonds are to be determined. Utilities Fund Certificates of Obligation are in the amount of \$2.1M from the water and sewer utility fund. The General Fund balance will commit project contingency costs in the amount of \$3.2M in FYs 21-25. Mr. Kuhn stated the construction of the project will most likely begin in two years.

There was a brief discussion among Council regarding duct banks, quantity, burial of utility lines, telecom, and funding from Bexar County. Councilmember Lawson Jessee explained briefly about the duct banks, possible challenges, and noted telecom is easier for burial than utility lines. Bond Counsel Tom Spurgeon stated there may be flexibility in utilizing funds for other scopes within the project if Bexar County later provides a financial contribution.

Ms. Anne Entrekin-Burger, Financial Advisor, Hilltop Securities, presented projected scenarios and stated the interest rates have been the lowest since the 1960s. She acknowledged the coronavirus that have impacted the market. She presented different scenarios to include a proposed 5, 6, 6.5 and 7 cent tax rate increases with 1% or 1.5% growth scenarios for the first years during twenty-five years. She commented in 2033, the City will have less debt with the last payment of the construction of City Hall. Ms. Entrekin-Burger reminded Council of Senate Bill 2 that caps municipalities at 3.5% in property taxes and not to issue debt more than the life of the asset to avoid paying much interest. She briefly explained the impact a property tax increase will make. Mr. Kuhn displayed a chart as a sample statement for a property owner. Mr. Spurgeon stated the property tax increase will not have an impact or effect property owners over 65 years of age that have a house and over 65 tax exemptions.

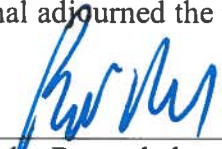
Mr. Kuhn emphasized flood control is important and the biggest selling point. He shared he met with Councilmember Clayton Perry of San Antonio whom shared there may be a possible feasibility study conducted on N. New Braunfels.

Councilmember Jessee suggested the bond issuance of \$13.5M in bonds and work with Broadway business property owners to create a Public Improvement District (PID) that will focus on the maintenance of beautification and landscaping. Council briefly discussed about the bond election language and involvement. Mr. Spurgeon reminded Council that City staff may only promote the project on factual information and not advocate for the bond; however, as Councilmembers they may advocate for the bond. Mr. Spurgeon stated if Bexar County commits, those funds may be used elsewhere. Mr. Kuhn added Bexar County is considering to financially support this project because of the other entities that have already committed. He shared Bexar County Public Works Director informed him the project did not qualify as a project warranted for flood control support.

There was a brief discussion among Council regarding the importance of the project. Council requested an updated projected scenario for 7 debt rate increase for 25 years with a 1 ½ growth in the amount of \$13.25 Million issuance of bonds. Ms. Entrekin-Burger agreed to prepare.

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There being no further business, Mayor Rosenthal adjourned the meeting at 10:06 a.m.

  
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Bobby Rosenthal  
Mayor

  
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Jennifer Reyna  
City Secretary