

CITY OF ALAMO HEIGHTS
CITY COUNCIL
July 13, 2022

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, July 13, 2022. A teleconference was held via Zoom.

Present and composing a quorum were:

Mayor Bobby Rosenthal
Mayor Pro-Tempore Lawson Jessee
Councilmember Blake M. Bonner
Councilmember Lynda Billa Burke
Councilmember John Savage

Also attending were:

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

Absent was:

Councilmember Wes Sharples
Community Development Services Director Lety Hernandez

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Mayor Bobby Rosenthal opened the meeting 8:34 a.m.

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Item # 1 Mayor Rosenthal read the following caption.

Work Session – Discussion of FY 2022/2023 Budget

City Manager Buddy Kuhn welcomed Council and stated he and staff had worked diligently after the Strategic Action Plan (SAP) workshop to put together a FY 2022-2023 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 2022-2023 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 stated, as discussed during the SAP workshop, the proposed budget includes the addition of two School Resource Officer (SRO) positions for a total of 3 positions as requested by the Alamo Heights Independent School District (AHISD). The City will require AHISD to reimburse the City a total of \$250,877 which includes equipment and administrative support. The SROs would be working for the AH Police department when school is not in session. The net cost to the City would be \$45,482. Mr. Kuhn added an action item will follow the budget workshop to consider amending the current SRO program agreement with AHISD for an additional two SROs.

Mr. Kuhn reviewed personnel expenses included in the FY 2022-2023 Proposed Budget. Staff met with Councilmember John Savage to discuss a possible cost of living adjustment (COLA) due to recent inflation. A 4% COLA is proposed to maintain and recruit new staff. This is an approximate cost of \$320,000. Mr. Kuhn advised the City had not received insurance costs; however, this year a 15% increase to health insurance is included in the budget, for a total of \$23,546. He noted last year the increase was about 3%, but the actual number will be determined once the final costs are received.

Staff continues working with CE Group, Inc. on a weekly basis to plan the City's centennial celebration. Planning includes logistics and marketing. Some of the events planned for Saturday, October 1, 2022 – Saturday, October 8, 2022 include: National Night Out and Fire/Police Educational safety classes for residents. A culminating event is scheduled for Saturday, October 8th at the AH Little League Baseball Fields with a back-up date of October 15th. Staff is also collaborating with AHISD, AH Community Garden, AH Swimming Pool, AH Little League, Bark Park and Friends of the Hondondo Creek. A fireworks or light show is being considered, but not finalized.

Mr. Kuhn discussed \$1.8M in American Rescue Plan (ARPA) Funds that will be available to City by the end of August. The funds must be allocated by December 31, 2024 and spent by December 31, 2026. He stated the U.S. Treasury continues to expand on what the funds can be spent on. Currently, funds can be used for general government services including administration, public health, infrastructure for water/sewer, broadband infrastructure, police vehicles, fire trucks, and solid waste trucks. In July or August, staff will ask Council to consider using \$408,584 in ARPA funds to purchase capital items: Garbage truck - \$200,000; Police vehicle - \$51,127; and City computer servers - \$157,457.

The proposed Utility Fund Budget for FY 2022-2023 includes: TCEQ Compliance for 4 X 2 along Wildrose, Cloverleaf, and Rosemary of \$450,000. Mr. Kuhn stated the City is on track to meet the 2030 deadline. To date, 65% of the 4 X 2 projects are complete. Additionally, staff is working on obtaining quotes to replace the Cell Tower Panels on the 600,000 gallon water tank.

Mr. Kuhn stated he and Assistant City Manager Phil Laney met with TxDOT regarding funding for the lower Broadway Improvement Project for engineering, design fees and landscaping. TxDOT has not provided a final cost estimate and is seeking to secure a new engineer for this project by the end of July or August. While meeting with TxDOT, staff advised of the plan to keep six lanes on Broadway. TxDOT did not see a problem, but wants to secure an engineer before moving forward. Mr. Kuhn noted he would reach out to them in August for an update.

Mr. Kuhn reviewed fund statements for the General Fund. Total revenue, including transfers, for FY 2022-2023 are projected to be \$11,927,208 representing a 4% increase from the current year adopted budget. The Proposed General Fund Operating Budget will produce \$218,066 in net revenue after expenditures. Revenues are mostly composed of 54% in Property Tax, 14% in Sales Tax, 6% in Permits and Fees, 9% in Charges for Services, 2% in Fines and Forfeitures, 7% in Other Tax Revenue such as franchise fees the City receives from telecom companies.

Mr. Kuhn explained the Bexar Appraisal District valuation for Alamo Heights 2022 net taxable value anticipated is \$2,220,917,176, an increase of 12% over 2021. This is at 75% of properties not under protest as of July 1, 2022. About 54% of the City's 2022-2023 General Fund revenue is from property taxes. Alamo Heights has one of the lowest tax rates in the larger metropolitan area. He stated staff will not know officially until July 25th when the final tax roll is provided. Mr. Kuhn reminded Council the State of Texas put a cap of 3.5% max on tax rates; however, if Council elects to adopt a higher tax rate, it would trigger an election for voter approval.

Mr. Kuhn stated there has been a steady increase in property values from 2009 to 2020 and asked Finance Director Robert Galindo to review the 2021 Property Tax Rates per \$100.

Current 2021 Tax Rate	\$0.404439
No New Revenue Tax Rate	\$0.379683
No New Revenue M&O Tax Rate	\$0.336439
Voter Approval Tax Rate	\$0.451964

Mr. Galindo noted these were the 2021 property tax rates and stated the certified valuation for 2022 will be available on July 25th. He stated staff would review the 2022 tax valuation and work on keeping the tax rate as low as possible.

In comparison to other surrounding cities, Alamo Heights has one of the lowest tax rates. Mr. Kuhn noted the City had proposed to raise taxes by two cents in 2021; however, it was less than that. He reviewed a sample property tax statement for 2022 for an average taxable home value as of 2021 in Alamo Heights under the age of 65. The highest taxing unit being Alamo Heights ISD.

Mr. Kuhn stated Bexar Appraisal District estimates 842 property owners will qualify for the property tax freeze in the 2022 tax year an increase of 22 from last year. Properties qualifying for the tax freeze decreased the total taxable value by \$621,941,181. This is an approximate loss in property tax revenue of \$791,118 for FY 2022-2023 as a result of the approved property tax freeze.

Sales tax revenue is the second largest source of revenue for the City. Year to date revenue is \$1,873,499 or 20% over 2021 revenue during the same time. The City's current sales tax rate is 8.25 percent which includes one-half (.50) of a cent for street maintenance. The re-authorization of the street maintenance dedicated ½ cent sales tax and was re-authorized by voters in the May 2021 ballot. It is to be re-authorized by voters every 4 years. The total sales tax projection for FY2022-2023 is \$2,555,327. Of that, \$1,703,265 will go towards the General Fund and \$852,062 will go towards the Street Maintenance Fund. General Fund sales tax collection represents 14 percent of the total General Fund revenue.

The Proposed General Fund departmental allocation for FY 2022-23 is \$11,709,142 representing an increase of \$507,951 which is 4.5% from the current year's adopted budget. The main difference was the addition of two SRO positions for a total of three. AHISD will reimburse the City a total of \$250,877. The cost to the City will be \$45,482. Additionally, there is a 4% COLA included to maintain and recruit staff. The approximate cost is \$320,000. The health insurance is estimated at a 15% increase or \$23,546.

Mr. Kuhn broke down the proposed FY 2022-2023 Proposed General Fund Departmental allocations. Public Safety (Police, Dispatch, Fire, EMS) - 60%, Public Works - 18%, Administration/Finance - 16%, Community Development - 4%, Administrative City Hall Bldg. - 2%, for a Total Budget Percentage of 100%. The proposed General Fund total for FY 2022-2023 is \$11,709,142, a 4.5% increase from FY 2021-2022. The Police department budget includes the addition of 2 SRO positions for a total of 3 SRO positions.

The proposed FY2022-23 transfers from the General Fund include: \$25,000 to the Comprehensive Fund for park improvements; \$25,000 to the Capital Projects Fund for the Olmos Basin maintenance; \$60,000 to Capital Replacement for a future ambulance for a total of \$110,000. The Street Maintenance Fund will be determined next year.

Mr. Kuhn reviewed projected General Fund Revenue allocations for FY 2022 and proposed for FY 2023. The beginning fund balance in FY 2021-2022 was \$5,770,612. Staff is anticipating \$6,763,448 for FY 2022-2023. Departmental allocations beginning fund balance for FY 2021-2022 was \$10,434,351, for FY 2022-2023, staff anticipates the balance to be \$11,709,142. Mr. Kuhn stated the projected fund balance is \$6,981,514 which represents about 57% in the fund balance. 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 57% at the end of September 30, 2021. 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 a AAA rating from S&P mainly due to the fund balance being in good standing, the economy is stable and strong management.

Mr. Kuhn noted the total City authorized positions for FY 2021-2022 were 101. The proposed authorized positions for FY 2022-2023 are 103 with the addition of the SROs with Council approval.

The FY 2021-2022 Utility Fund balance was \$3,134,418 and the projected FY 2022-2023 balance is \$3,289,426. Mr. Galindo reviewed the governmental funds for FY 2021-2022.

- The Comprehensive Plan beginning balance was \$166,693 and projected ending balance is \$159,443 after \$7,250 was spent for underbrush cleaning at the AH Bike Park.
- The Street Maintenance beginning balance was \$1,425,692. Additionally, \$829,257 will be collected in ½ cent sales tax revenue, this leaves a projected ending balance of \$260,548 after expenditures of \$1,994,401.
- The Capital Projects beginning balance was \$14,312,350 which includes the taxable bonds issued the prior year. The fund also includes a \$25,000 transfer in for the Olmos Basin clean-up. The projected ending balance is \$14,306,607

after expenditures of \$30,743 for architectural and engineering fees for the Lower Broadway Improvement Project.

- The Capital Replacement fund beginning balance was \$1,547,856 and includes a General Fund transfer in of \$334,526. The projected ending fund balance is \$578,303 after expenditures of \$1,304,079 for a Fire Truck - \$769,539, a Police vehicle replacement - \$55,694, Fire/EMS handheld radios - \$134,716, a Garbage truck - \$104,535, a PW Replacement truck - \$45,895, Police mobile radios - \$58,657, and a Police Dispatch radio system - \$135,043.

Mr. Galindo reviewed the proposed governmental funds for FY 2022-2023 starting on October 1, 2022 and ending September 30, 2023.

- The Comprehensive Plan projected beginning balance is \$159,443 and projected ending balance is \$109,443. This includes a possible carryover from the previous year of \$50,000 for lighting and \$25,000 for park improvements.
- The Street Maintenance projected beginning balance is \$260,548. This includes \$852,062 to be collected in ½ cent sales tax revenue. The projected ending balance is \$112,610 after \$1,000,000 in expenditures.
- The Capital Projects projected beginning balance is \$14,306,607 which includes the 2021 taxable bonds. The fund also includes a \$25,000 transfer in for the Olmos Basin clean-up. The projected ending balance is \$14,306,607 after expenditures of \$25,000 for the Olmos Basin clean-up.
- The Capital Replacement projected beginning fund balance is \$578,303. It includes a General Fund transfer in of \$60,000 to purchase an ambulance. The projected ending fund balance is \$638,303. No expenditures are projected. The ARPA funds will be used to purchase a Garbage truck - \$200,000, a Police vehicle - \$51,127, and City computer servers - \$157,457.

Mr. Galindo informed Council, on August 8, 2022, staff will present the Proposed Budget FY 2022-23 and Ad Valorem 2022 Proposed Tax Rate to the City Council and set a Public Hearing for the Proposed Budget. On August 22, 2022, Council will discuss and consider to adopt both the FY 2022-23 Budget and 2022 Ad Valorem Tax Rate. Mr. Kuhn added staff is seeking to lower the debt service and leave the M&O the same.

Item # 2 Mayor Rosenthal read the following caption.

Discussion and possible action to amend the current School Resource Officer Program Agreement with the Alamo Heights Independent School District by adding two additional School Resource Officers

Council discussed the request for additional SROs at AHISD. Mayor Pro Tem Lawson Jessee stated he understood the request for more SROs in light of current events; however, he suggested having a strategic action plan meeting with the school district to plan for the future. Mr. Kuhn stated AHISD is planning to have an SRO at all their campuses except at Robbins Academy and added there is additional cost to providing these services.

Police Chief Rick Pruitt stated AHISD originally requested five (5) SROs; however, after some discussion they agreed to start with two (2) and build up. They requested a cost share agreement with the City of Alamo Heights to add two additional School Resource Officers (SROs). He verified AHISD is not interested in creating their own police department; therefore, they requested SROs to be based at Cambridge Elementary School and Alamo Heights Junior High School.

Chief Pruitt stated staff proposes the cost share for the SRO at Cambridge Elementary and Alamo Heights High School to be 75% AHISD and 25% COAH. Additionally, staff proposes AHISD pay 100% of personnel costs for an SRO at the Junior High School and reimburse the City for uniforms and equipment used.

Chief Pruitt stated as more people are added to the SRO program, it puts more pressure on AHPD. Staff proposed AHISD pay \$12,442 for the cost of a Police Administrative Officer who will oversee the program. AHISD will pay 100% of the differential salary and benefit costs. All these proposals and cost analysis have been provided to the AHISD Superintendent for approval.

Currently, AHPD has the equipment for two (2) SROs in inventory. AHISD will reimburse the City for one additional SRO's equipment. There will be a buyback clause built into the agreement for firearms and radios. The clause will allow AHPD to purchase back these items at fair market value should AHISD decide to remove an SRO from any campus. AHPD will provide SRO vehicles from their current inventory. Additionally, any future expansion beyond the current agreement will require AHISD to purchase additional cars.

All financial obligations of the SRO program will be funded by the respective revenues of AHISD and COAH. Chief Pruitt reviewed the cost associated with the additional SROs.

Resource	Total FY23	AHISD	COAH
Two SROs (75%- 25%)	181,924	136,442	45,482
One SRO (100%)	90,962	90,962	0
One Admin Support	12,449	12,449	0
Equipment/Uniforms	11,024	11,024	0
TOTAL	\$296,359	\$250,877	\$45,482

Chief Pruitt stated this request was coordinated with the City Manager, City Attorney, staff, and AHISD Superintendent Dr. Dana Bashara. AHISD will present the proposal to the school board in August for consideration.

After some discussion, Councilmember Blake M. Bonner moved to approve to amend the current School Resource Officer Program Agreement with the Alamo Heights Independent School District by adding two additional School Resource Officers. Motion seconded by Councilmember Lynda Billa Burke and passed by unanimous vote.

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With no further business to consider, Mayor Rosenthal adjourned the meeting at 10:01 a.m.

PASSED AND APPROVED THIS 25TH DAY OF JULY, 2022.


Elsa T. Robles, TRMC
City Secretary


Bobby Rosenthal
Mayor

