CITY OF ALAMO HEIGHTS
CITY COUNCIL
August 24, 2026

A regular meeting of the City Council of the City of Alamo Heights, Texas was held at the Council Chamber, located at 6116 Broadway, San Antonio, Texas, at 5:30 p.m. on Monday, August 24, 2026. Staff and meeting attendees were welcomed in the Council Chamber.

Composing a quorum were:
Mayor Albert Honigblum
Mayor Pro Tem Lawson Jessee
Councilmember Karl P. Baker
Councilmember Lynda Billa Burke
Councilmember Trey Jacobson

Also attending were:
City Manager Buddy Kuhn
Assistant City Manager Phillip Laney
City Attorney Jessie Lopez
City Secretary Elsa T. Robles
Assistant to City Manager Jennifer Reyna
Finance Director Kristine Horton
Police Chief Rick Pruitt
Fire Chief Allen Ottmers
Public Works Director Frank Orta
Community Development Services Director Lety Hernandez

Not attending:
Councilmember Blake M. Bonner
Deputy Police Chief Cindy Pruitt
Community Development Services Senior Planner Tyler Brewer

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Mayor Albert Honigblum opened the meeting at 5:30 p.m. and welcomed a boy scout in the audience.

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Item # 1 *<u>Approval of Minutes</u>*

Mayor Honigblum asked the City Council for a motion on the August 10, 2026 Council meeting minutes. Mayor Pro Tem Lawson Jessee moved to approve the minutes as presented. The motion was seconded by Councilmember Lynda Billa Burke and passed by a 4-0 vote.

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Item # 2 *<u>Citizens to be Heard</u>*

No comments made.

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Items for Individual Consideration

Item # 3 Mayor Honigblum asked Council to consider the following consent agenda item.

Discussion and possible action regarding the request of Elaine Kearney, FASLA, of TBG Partners, representing Trebes Sasser Jr. of Ridgemont Properties, owner, to appeal staff's decision as allowed under Section 5-8 of the City's Building Code that requires a property owner or authorized agent to pay a fee in lieu of mitigation instead of planting additional trees as required per Section 5-156(a)(4), Heritage Tree Removal Mitigation for the property located at 111 Katherine Ct.

Director of Community Development Services Lety Hernandez stated the property in question is located at 111 Katherine Ct. on the north side, east of Broadway St. The applicant is appealing staff's decision under Section 5-8 of the City's Building Code requiring a property owner to pay a fee in lieu of mitigation, instead of planting additional trees as required per city code. They are seeking approval to apply tree plantings required by current zoning regulations towards mitigation requirements per Chapter 5, Building and Building Regulations. And are requesting a waiver of required mitigation fee – apply additional tree plantings and/or mitigation fees.

Ms. Hernandez stated staff reviewed the project and approved it in 2022. A permit was issued in 2023. To date there were eleven (11) heritage trees removed, and fourteen (14) non-heritage trees removed along with seven (7) other trees that were less than 8 inches in diameter. She reviewed he existing tree plan from 2022 and noted a tree has to meet both species and size to be considered "heritage" trees. She stated the applicant had identified four (4) pecan trees had died of natural causes.

Ms. Hernandez briefly reviewed original summary of tree mitigation calculations from 2022 and stated when staff reviewed and issued a permit, it was with the understanding that the mitigation was not approved. The applicant was still trying to figure out what they were going to do with the mitigation requirements. She added landscaping and mitigation has to be resolved before, building final and stated parking lot and canopy trees are not counted toward mitigation per city code.

The applicant is appealing staff's decision under Chapter 5, Section E which speaks to the intent of the code regarding tree removal permits and process. Staff is able to issue a permit for the removal of a heritage tree at no cost. In addition, it would not be subject to required mitigation, as long as the applicant submits documentation at the time of the application, stating that the heritage tree is either diseased and or dying, or dead. If heritage trees are removed, the owner and/or applicant is required to plant back an equal amount of inches removed, minimum 4-inch caliper trees on-site. If they are unable to meet that requirement, they can pay a fee in lieu of the required mitigation. For multi-family zoned lots, there is no cap, so it would be at $300.00 per inch.

Ms. Hernandez noted a determination by a certified arborist was not submitted prior to the removal of fourteen (14) Heritage trees. Staff calculated a total of 272 inches were removed. The mitigation fee is $300.00 per inch for a total of $81,600.00. She reiterated the applicant is requesting a waiver to required mitigation and apply additional tree plantings and/or mitigation fees. No public notice was required for this case.

Mr. Trebes Sasser, applicant stated he was requesting an administrative waiver from the Council on the tree mitigation fee. He asked Ms. Elaine Kearney of TBG Partners to explain their calculations.

Ms. Kearney explained the after the buildings were demolished, the property sat vacant for some time and during this time there was extreme drought which caused four pecan trees to die of natural causes. She continued and stated the applicant asked Council to acknowledge the trees died because of the drought and should not be counted as being part of the existing tree calculations for mitigation. Ms. Kearney noted she had a different calculation of 238.5 inches of total mitigation required as opposed to staff's calculation of 272 inches and asked staff to review the discrepancy.

Ms. Kearney stated while the applicant would have loved to have mitigated all of the required inches on site, the site is incredibly constrained. She stated they are planting 54 inches of parking lot trees and 24 inches of street trees which the applicant requests to be included in the mitigation count.

Mr. Sasser addressed the City Council and explained the 4 pecan trees died between when they originally received the permit in 2022 and started construction in 2025. He noted they did not get an arborist to check the trees but are required to mitigate 154 inches for those trees. He stated they are planting a total of 157 inches on the site and if all the tree planting were included, it would achieve the mitigation required by the code.

Mayor Honigblum requested to hear from citizens who signed up to speak on the item.

Mrs. Joan Cunningham, resident, stated she lives adjacent to the project. She stated at the time the project was permitted, all the trees were alive; however, over time some of the pecan trees died during the drought. She added the trees were fine at the time of permitting and were the responsibility of the owner to take care of. If Council requests the waiver it will set a precedent for future developers to request the same.

Mrs. Elizabeth Yust, resident, agreed with the previous resident noting that many trees were cut down including a pear and pecan tree that they enjoyed. She asked the applicant to be a good neighbor and cut down on the project footprint to be able to plant more trees.

Mr. James Lloyd, resident, stated the mitigation fee would go directly into the beautification fund. He noted there were seven canopy trees missing in the right-of-way or parking lot trees. There are now only 4 now depicted. He stated a compromise where the developer could add more trees and treat those as bonuses to get credit for the caliper inches.

Councilmember Baker stated he did not understand why the trees in the parking lot or canopy trees are not counted toward the mitigation. Ms. Hernandez answered this is because these are required by the city's zoning code.

Council discussed Mr. Lloyd's comment on missing canopy trees. Ms. Hernandez noted if the applicant desired to reduce any of the required canopy trees or parking lot trees, they would have to go back to the Board of Adjustment for a variance since these are required by the zoning code.

Mayor Pro Tem Jessee stated he did remember there being a 25-foot spacing requirement for the canopy trees and asked if anything had changed in the project plan. Ms. Kearney apologized and commented she would have to go back and check her notes since this had been a while ago.

Mayor Honigblum asked if there was a constraint on doing the 25 foot on center to help with the mitigation. Mr. Sasser if this is required, he had no problem meeting that requirement.

Mayor Pro Tem Jessee stated he recognized the tree preservation plan was developed about 10 years ago and at the time they did not think of including canopy or parking lot trees as part of the calculation, but now agreed they probably should have been included.

Councilmember Jacobson stated there were two policy questions to consider, first, compliance on the trees with regards to the zoning code and the requirements for planting trees. Second, a variance question to whether or not the City will collect the mitigation fee.

Mayor Pro Tem Jessee commented the developer can opt to plant trees offsite in lieu of paying the mitigation fee. He shared the city overall had seen several trees die due to extreme drought and this should be taken into consideration in this case.

City Manager Buddy Kuhn stated the issue is that the City does allow credit for trees that have died provided the applicant seeks the help of an arborist in advance to identify diseased or dying trees prior to them dying, not after. He clarified the staff's mitigation calculation of 272 inches was from the original permit that was approved. He added the four heritage pecan trees that died were going to be taken out anyway, therefore the applicant would still have to pay mitigation on those.

Mr. Sasser stated they missed on contacting an arborist because they were dealing with other problems on the project such as interest rates, etc.

Councilmember Baker stated the agenda caption was unclear as to what Council was being asked to consider in this case and asked for clarification.

City Attorney Jessie Lopez stated the request was specifically in regard to the appeal process as the payment of the fee in lieu of mitigation since staff does not have the ability to waive the fee per city ordinance.

Councilmember Baker stated he understood that the trees required by the zoning ordinance cannot be counted for mitigation, but perhaps that would require an ordinance change. He commented he was not sympathetic to the idea of discounting the pecans trees that died due to the drought as the project was permitted in 2022, at the time there was no intention of keeping those trees and would have paid the mitigation fee. He added it did not make sense as to why Council would reward something that could be regarded as neglect. Councilmember Baker shared the precedent Council would be setting would be one that would be very hard to tell anyone else that they are not entitled to the same treatment on the zoning issue.

Council briefly discussed planting trees in the City's right-of-way in lieu of paying the mitigation fee. Ms. Hernandez stated this was allowed prior to amending the ordinance. She stated staff found a it to be a problem when developers would not follow through with planting the trees; therefore, the ordinance was amended to collect mitigation fees.

Mayor Honigblum agreed, but commented this could still be allowed with Council consensus. He then spoke to the residents and stated if the developer agrees to plants as many trees as possible on 25 foot centers to beautify the community, this would be a reasonable request from an optics standpoint for the residents.

After further discussion, Council agreed the city code regarding heritage trees needed to be reviewed and/or amended. With no further comments, Councilmember Jacobson moved to grant the applicant's appeal by reducing the mitigation fee to $69,000.00 to be paid to the City, or at the option of the developer, reduce such fee or portion, thereof, by planting City approved tree species on publicly owned locations as specified by the City on a basis of $300.00 reduction per caliper inch planted. The motion was seconded by Councilmember Baker and passed by a 3-1 vote with Mayor Pro Tem Jessee voting in opposition.

Item # 4 Mayor Honigblum read the following caption.

Public Hearing on Proposed FY 2026-2027 Annual Operating Budget

Finance Director Kristine Horton stated she was presenting the proposed FY 2026-2027 Budget for the City of Alamo Heights. She summarized the proposed budget components for FY2026-2027. These include the Tax Rate, General Fund Budget, Solid Waste Fees & Improvement, Utility Fund Revenues and Allocations, and other Governmental Funds. She stated adoption of the budget would require Council action.

Ms. Horton reviewed a summary of the projected General Fund Revenues & Allocations for FY2026-2027 adopted budget. She noted the numbers are based off of the De Minimis tax rate with a beginning fund balance of $9.1 million, with revenue about $16.1 million, and expenditures is at $15.8. Projected are remaining net revenues over expenditures of $291,000, and ending fund balance at an estimated $9.4 million. She noted an increase of $34K overall in expenditures due to the addition of the Butterfly Garden of $90K and an increase in health insurance from 17% to 25%.

Ms. Horton reviewed the proposed and approved General Fund Capital Items for FY 2026-2027.

Proposed Capital Items	Amount	Proposed Capital Items	Amount
Cap. Rep. Fund-Solid Waste (Garbage Truck) *potentially may be leased out	$ 370,000	City Hall Renovation Project	$ 60,000
Fire Truck Encumbrance	200,000	Comprehensive Fund-Community Grants	50,000
Cap. Rep. Fund-Fire (Replacement SCBA Pacs) *potentially may be leased out	146,000	Household Hazardous Waste	50,000
Cap. Rep. Fund - EMS *Part of the cost share with Terrell Hills and Olmos Park	143,000	Community Fall Event	25,000
Butterfly Garden-Sod Project	90,000		
Cap. Rep. Fund – Police (1 Vehicle)	67,599		
Total Proposed Items		*$1,201,599*	

Ms. Horton recapped add items to the General Fund and stated the proposed items were based on the De Minimis tax rate and proposed solid waste fees. She reiterated staff increased the Health Insurance from 17% to 25% which added an additional $34,161 to the General Fund. All items from the Capital Items proposed list were added. This also included a 3.5% COLA across all departments.

Ms. Horton reviewed the proposed solid waste fee increase. **Phase 1**: Solid Waste fee increase from $29 to $34 for all customers & $20 for each cart projected to cover operation expenses; if adopted, fees will begin on October 1, 2026. The City will start seeing collections in November. **Phase 2**: Solid Waste fee increase from $34 to $38 for all customers (residential/commercial) & $20 for each cart projected to cover operation & capital expenses; if adopted, these fees begin on October 1, 2027 and the City will start seeing collections in November.

Phase I FY 2027 Solid Waste Fee (Residential, MF & Commercial)	Projected Fee Revenues	FY 2027 Operating Expenses[1]	Variance	% Expenses Pd by Fees
$34 for first cart & $20 per each additional cart	$1,240,498	$1,255,851	-($15,353)	98.76%

1) Proposed FY 2027 Budget expenditures total $1,255,851, which includes $50,000 for Household Hazardous Waste

Phase 2 FY 2028 Solid Waste Fee (Residential, MF & Commercial)	Projected Fee Revenues	FY 2028 Est. Operating Expenses	Variance	% Expenses Pd by Fees
$38 for first cart & $20 per each additional cart	$1,352,346	$1,318,643	$33,702	102.56%

Ms. Horton stated the proposed 2026 Ad Valorem Tax Rate is the De Minimis rate of $0.426544. The No New Revenue Rate is $0.380641, and the Voter Approval Rate is $0.496515. She stated the tax levy is about $7.9 million which will increase the General Fund reserves to $9.4, about 59.6%, a net overage of $291,000 in revenues over expenditures. She noted the difference between the proposed rate and the no new revenue rate is 12.06% increase.

Ms. Horton reviewed alternative tax levy scenarios.

- **Alt. #1**: 75/25 split of Property Taxes and Fund Balance
    - Split will equate to $114,900 coming from fund balance and $344,679 coming from property taxes (if debt is shifted)
    - Residents City tax bill estimated to increase by $282.06 on an $885K home valuation ($3,560 annually)

- **Alt. #2**: 50/50 split of Property Taxes and Fund Balance
    - Split will equate to $229,247 coming from fund balance and $230,332 coming from property taxes (if debt is shifted)
    - Residents City tax bill estimated to increase by $220.96 on an $885K home valuation ($3,499 annually)

- **Alt. #3**: General Fund Overage will be Covered by the fund balance
    - Residents City tax bill estimated to increase by $92.92 on an $885K home valuation ($3,371 annually)

- **Alt. #4**: Midpoint tax rate between the NNR and the De-Minimis
    - Split will equate to $88,508 coming from fund balance and $380,355 coming from property taxes (if debt is shifted)
    - Residents City tax bill estimated to increase by $296.16 on an $885K home valuation ($3,574 annually)

Mr. Kuhn commented staff has provided several different options for Council to consider. He noting at the last meeting, Council had set the tax rate at the De Minimis rate of $0.426544. He reminded them they could not go any higher than that, but could choose to go lower. The options staff provided for consideration will help maintain city operations. Mr. Kuhn stated several cities are raising their taxes because depending on what legislation is passed next year, cities may not have the opportunity to raise taxes in the coming years.

Ms. Horton continued and stated the only change in the proposed FY 2026-2027 Utility Fund Revenue and Allocations was the increase in health insurance from 17% to 25%. The Fund Revenues are at $5M and Operating Expenses of $6.5M. The expenses are exceeding revenues by $1.5 million, reducing the fund balance from $4.2 million to $2.7 million.

The Beautification Fund beginning fund balance is approximately $1.8M. Staff included all the items that were discussed in the previous budget work session. The revenues coming in are $393K, total expenses are $1.2M, leaving the fund balance at $1,024,440 which includes a transfer into the General Fund to cover the SRO costs of $600,000.

Ms. Horton reviewed other proposed governmental fund balances, noting no changes were made from the last presentation.

Funding Summary			
	Street Maintenance [1]	Capital Projects (2021 Bond Fd) [2]	Capital Replacement [3]
Projected Fund Balance 10/1/26	$ 661,997	$ 17,265,052	$ 222,826
Transfer in/ Revenue	$ 917,300	$ 480,000	$ 644,007
Expenditures/ Transfer Out	-$ 1,200,000	-$ 203,574	-$ 731,007
Projected Ending Balance 9/30/27	$ 379,297	$ 17,541,478	$ 135,826

1) Street Maintenance estimated dedicated ½ cent sales tax revenue
2) 2021 Taxable bond proceeds of $13.25 million plus interest totaling $17.5 million. The Transfer out of $203,574 is the remaining funds from older capital projects not associated with the Lower Broadway Project
3) Capital Replacement – pending additional $679,007 in transfers for Fire Air Pacs at $146,000, Police Vehicle (1) & Lease Payments $128,007 and Solid Waste Garbage Truck $370,000

Funding Summary			
	EMS Rep Fund[1]	2026 Bond Fund	Pool Fund [2]
Projected Fund Balance 10/1/26	$ 75,000	$7,413,000	$176,987
Transfer in/ Revenue	$ 433,376	$ 20,000	$ 35,000
Expenditures/ Transfer Out	-$ 497,767	$7,120,000	$135,000
Projected Ending Balance 9/30/27	$ 10,609	$ 313,000	$ 76,987

In closing, Ms. Horton stated the City Charter requires the City Manager to prepare a budget to cover all proposed expenditures of the City for the succeeding year. The budget must be prepared in conformity with state law and a vote to approve is required. A record vote to set the tax rate is required by Chapter 26 of the Tax Code. Additionally, Local Government Code 102.007 requires a separate vote be made to ratify the property tax revenue increase in the budget.

Mayor Honigblum thanked staff and Mr. Kuhn for all their work on the budget and tax presentations and opened the public hearing at 7:11 p.m. With no one to speak on the item, Mayor Honigblum closed the public hearing at 7:12 p.m.

Item # 5 Mayor Honigblum read the following caption.

Public Hearing on Proposed 2026 Ad Valorem Tax Rate

Mayor Honigblum opened the public hearing at 7:12 p.m. With no one to speak on the item, Mayor Honigblum closed the public hearing at 7:13 p.m.

Item # 6 Mayor Honigblum read the following caption.

Budget and Tax Ordinances to be considered in the following order:

a. FY 2026-2027 Operating Budget

ORDINANCE NO. 2265

AN ORDINANCE MAKING APPROPRIATIONS FOR THE VARIOUS FUNDS AND PURPOSES OF SUCH BUDGET AND ADOPTING A BUDGET FOR OPERATING THE MUNICIPAL GOVERNMENT OF THE CITY OF ALAMO HEIGHTS INCLUDING APPROPRIATIONS OF MONEY TO PAY INTEREST AND PRINCIPAL SINKING FUND REQUIREMENTS ON ALL INDEBTEDNESS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2026 AND ENDING SEPTEMBER 30, 2027; AND PROVIDING A SAVINGS AND SEVERABILITY CLAUSE; REPEALING ALL ORDINANCES AND APPROPRIATIONS IN CONFLICT WITH THE PROVISIONS OF THIS ORDINANCE; AND ESTABLISHING AN EFFECTIVE DATE.

b. 2026 Ad Valorem Tax Rate

ORDINANCE NO. 2266

AN ORDINANCE ADOPTING A TAX RATE AND LEVYING AN AD VALOREM TAX UPON ALL PROPERTY SUBJECT TO TAXATION AT THE RATE OF $0.402000 FOR EVERY $100.00 VALUATION FOR THE SUPPORT OF THE CITY GOVERNMENT OF THE CITY OF ALAMO HEIGHTS, TEXAS, SPECIFYING SEPARATE COMPONENTS OF SUCH RATE FOR MAINTENANCE AND OPERATIONS AND FOR DEBT SERVICE; SAID TAXES BEING LEVIED FOR THE 2026 TAX YEAR; PROVIDING FOR DUE AND DELINQUENT DATES TOGETHER WITH PENALTIES AND INTEREST; PROVIDING FOR COLLECTION AND ORDAINING OTHER RELATED MATTERS; AND SETTING AN EFFECTIVE DATE.

c. Ratifying the Increase in Property Tax Revenue reflected in the FY 2026-2027 Budget

ORDINANCE NO. 2267

AN ORDINANCE RATIFYING THE PROPERTY TAX REVENUE INCREASE REFLECTED IN THE FISCAL YEAR 2026-2027 BUDGET AND SETTING AN EFFECTIVE DATE.

Council discussed the option of using funds from the available $9.17M fund balance to pay for non-recurring capital expenses, such as the Butterfly Garden project and City Hall renovations. The consensus was not to

Mr. Kuhn stated currently the fund balance sits at 65% of the budget. He explained the City is required to maintain 35% in unrestricted funds. Ms. Horton added 35% of approximately $5M for the FY2027 Budget, leaving $4M funds in excess that could be appropriated to other projects should Council decide.

After discussing the different property tax scenarios presented by staff, Councilmember Billa Burke moved to approve Ordinance No. 2265 adopting the annual operating budget of the City of Alamo Heights for the fiscal year beginning October 1, 2026 and ending September 30, 2027. The motion was seconded by Councilmember Jacobson and passed by roll call vote as follows: Ayes – Mayor Pro Tem Jessee, Councilmember Baker, Councilmember Billa Burke, and Councilmember Jacobson. Nays – None. Present but not voting – Mayor Honigblum.

Mayor Pro Tem Jessee moved to approve Ordinance No. 2266 stating the property tax rate be increased by the adoption of a tax rate of $0.402000 per $100 valuation, which is effectively a 5.61 percent increase in the tax rate with the M&O Rate being $0.330047 and the I&S Rate being $0.071953. The motion was seconded by Councilmember Billa Burke and passed by roll call vote as follow: Ayes – Mayor Pro Tem Jessee, Councilmember Baker, Councilmember Billa Burke, and Councilmember Jacobson. Nays – None. Present but not voting – Mayor Honigblum.

Councilmember Baker moved to approve Ordinance No. 2267 ratifying the increase in Property Tax reflected in the FY 2026-2027 Budget. The motion was seconded by Councilmember Billa Burke and passed by roll call vote as follow: Ayes – Mayor Pro Tem Jessee, Councilmember Baker, Councilmember Billa Burke, and Councilmember Jacobson. Nays – None. Present but not voting – Mayor Honigblum.

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Staff Report

Item # 7 Mayor Honigblum asked Council to consider the following consent agenda item.

Discussion of the 2026 Water and Wastewater Rate Study provided by Willdan Financial Services.

Mayor Honigblum announced this item was postponed until a later date.

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With no further business to consider, Councilmember Baker moved to adjourn the meeting at 7:32 p.m. The motion was seconded by Mayor Pro Tem Jessee and passed by 4-0 vote.

PASSED AND APPROVED THIS 14th DAY OF SEPTEMBER, 2026.

Albert Honigblum
Mayor

Elsa T. Robles, TRMC
City Secretary

CITY OF ALAMO HEIGHTS, TEXAS