

CITY OF ALAMO HEIGHTS
CITY COUNCIL
July 24, 2025

A Special City Council Meeting and Work Session 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 Thursday, July 24, 2025. A teleconference was held via Zoom.

Present and composing a quorum were:

Mayor Albert Honigblum
Mayor Pro Tem Trey Jacobson
Councilmember Lawson Jessee
Councilmember Blake M. Bonner
Councilmember Lynda Billa Burke

Also attending were:

City Manager Buddy Kuhn
City Attorney Frank J. Garza
Assistant City Manager Phil Laney
Assistant to City Manager Jennifer Reyna
City Secretary Elsa T. Robles
Interim Director of Finance Cynthia Barr
Community Development Services Director Lety Hernandez
Police Chief Rick Pruitt
Fire Chief Allen Ottmers
Public Works Director Frank Orta
Deputy Police Chief Cindy Pruitt

Not attending:

Councilmember Karl P. Baker

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Mayor Albert Honigblum opened the meeting at 8:32 a.m. He asked everyone to join him in a moment of silence in memory of all the victims of the recent July 4th Hill Country Flood, especially Lila Bonner, granddaughter of Councilmember Blake M. Bonner and in gratitude of first responders from the City of Alamo Heights who helped with rescue and recovery efforts.

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Item # 1 Approval of Minutes

Mayor Honigblum asked the City Council for a motion on the June 23, 2025 City Council meeting minutes. Councilmember Lynda Billa Burke moved to approve the minutes as presented. The motion was seconded by Councilmember Lawson Jessee and passed by a 4-0 vote.

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Items for Individual Consideration

Item # 2 Mayor Honigblum read the following caption.

Public Hearing. A request of Donald Oroian of ADA Consulting Group Inc, applicant, representing Tracy W Druce, owner, to replat the properties identified as CB 4050 BLK 71 LOTS 11, 12, 13 & 14, also known as 212 Routt St, CB 4050 BLK 71 LOTS 15 & 16, also known as 216 Routt St, CB 4050 BLK 71 LOTS 17 & 18, also known as 220 Routt St, CB 4050 BLK 71 LOTS 29, 30, 31, & E 5FT OF 32, also known as 325 Kampmann Ave, CB 4050 BLK 71 LOTS 27, 28, & W 6.1FT OF 26, also known as 329 Kampmann Ave, and CB 4050 BLK 71 LOTS 23, 24, 25, & E 18.9FT OF 26, also known as 5501 N New Braunfels Ave.

Community Development Services Department Director Lety Hernandez stated the Multi-family district (MF-D) property is located at the north side of Kampmann Ave, west of N. New Braunfels Ave. The applicant requests approval to replat seventeen (17) lots into eleven (11) lots.

Ms. Hernandez reviewed the existing conditions. She reviewed the exiting lots and proposed lot plan. She stated the request meets the minimum lot size requirement; however, it does not meet the minimum lot with requirement. As proposed, the request has been reviewed and approved by Public Works and CPS Energy. Staff is pending receipt of SAWS approval prior to release for recordation. The applicant is required to complete the City's standard plan review process to ensure compliance with all zoning and building regulations prior to construction. Additionally, a floodplain development permit is required prior to approval of a building permit.

The Planning & Zoning Commission considered the request at their July 14, 2025, special meeting and voted unanimously to recommend approval of the replat as presented.

Ms. Hernandez stated public notifications were mailed to property owners within a 200-foot radius. Notices were posted on the City's website and on the property. A legal notice was published in official newspaper of the City, the *San Antonio Express-News*. Staff received one response in support and four in opposition within the 200-foot radius. No responses were received outside the 200-foot radius.

Mayor Honigblum opened the public hearing at 8:36 a.m.

Project Architect, Lyndsay Thorn stated they were going to put a private road where the alley is currently to have access off New Braunfels and turn into each of the properties. The project will add 10 units on the property with a pool and cabana. Mr. Thorn added the project would start within the next 3 months.

After a brief discussion on required setbacks, Mayor Honigblum closed the public hearing at 8:41 a.m.

Item # 3 Mayor Honigblum read the following caption.

Discussion and possible action on Planning and Zoning Case No. 449, a request of Donald Oroian of ADA Consulting Group Inc,

applicant, representing Tracy W Druce, owner, to replat the properties identified as CB 4050 BLK 71 LOTS 11, 12, 13 & 14, also known as 212 Routt St, CB 4050 BLK 71 LOTS 15 & 16, also known as 216 Routt St, CB 4050 BLK 71 LOTS 17 & 18, also known as 220 Routt St, CB 4050 BLK 71 LOTS 29, 30, 31, & E 5FT OF 32, also known as 325 Kampmann Ave, CB 4050 BLK 71 LOTS 27, 28, & W 6.1FT OF 26, also known as 329 Kampmann Ave, and CB 4050 BLK 71 LOTS 23, 24, 25, & E 18.9FT OF 26, also known as 5501 N New Braunfels Ave.

Mayor Pro Tem Trey Jacobson moved to approve the request as presented. The motion was seconded by Councilmember Jessee and passed by 4-0 vote.

Item # 4 Mayor Honigblum read the following caption.

Public Hearing. A request of Courtney Collins & Barrett Tuttle, owners, to replat the properties identified as CB 4024 BLK 179 LOT 22, also known as 415 Evans Ave, and CB 4024 BLK 179 LOT 23, also known as 423 Evans Ave.

Ms. Hernandez stated the Single Family - A (SF-A) property is located at 415 Evans Ave and 423 Evans Ave. on the north side of Evans Ave., west of Nacogdoches Rd. The applicant requests approval to replat two (2) lots into one (1).

Ms. Hernandez stated the applicant requests to replat/combine the vacant lot at 423 Evans Ave. with the current homestead at 415 Evans Ave. She noted City Council had approved a replat on April 9, 2024 that took 15 feet from 423 Evans and combine it with 415 Evans. The property owner purchased the adjoining property to the east, demolished the house and replatted, currently known as 415 Evans.

Ms. Hernandez reviewed the existing and proposed conditions and stated the project meets the minimum lot area and width requirements for zoning. Staff is pending approval from CPS Energy, SAWS, and Public Works prior to releasing the plat for recordation.

The Planning & Zoning Commission considered the request at the July 14, 2025 meeting and voted unanimously to recommend approval of the request with staff revisions. As of July 16, 2025, all revisions have been confirmed by staff.

Ms. Hernandez stated public notifications were mailed to property owners within a 200-foot radius. Notices were posted on the City's website and on the property. A legal notice was published in official newspaper of the City, the *San Antonio Express-News*. Staff received four responses in support and none in opposition within the 200-foot radius. No responses were received outside the 200-foot radius.

Mayor Honigblum opened the public hearing at 8:46 a.m. and noted the existing fence was removed and installed back at the proper height. With no one to speak on the item, he closed the public hearing at 8:47 a.m.

Item # 5 Mayor Honigblum read the following caption.

Discussion and possible action on Planning and Zoning Case No. 451, a request of Courtney Collins & Barrett Tuttle, owners, to replat the properties identified as CB 4024 BLK 179 LOT 22, also known as 415 Evans Ave, and CB 4024 BLK 179 LOT 23, also known as 423 Evans Ave.

Mayor Pro Tem Jacobson moved to approve the request as presented. The motion was seconded by Councilmember Jessee and passed by 4-0 vote.

Item # 6 Mayor Honigblum read the following caption.

Public Hearing. A request of D. Scott Dye of Dye Enterprises, applicant, representing Aaron Recko, owner, to replat the property identified as CB 5811 BLK 22 LOT 9, also known as 255 Claywell Dr.

Ms. Hernandez stated the Single Family - A (SF-A) property is located at 255 Claywell Dr. on the north side of Claywell Dr., west of N. New Braunfels Ave. The applicant requests approval to remove to revise the current plat to remove the platted setback lines. A building permit was issued for this property and is currently under construction. Staff reviewed found the plans comply with current regulations per the SF-A district.

Ms. Hernandez reviewed the existing and proposed platted lines and stated there are no changes to the boundaries of the property. As existing, the property does not meet the minimum lot area and width requirements for zoning. Staff did receive approval from CPS Energy, SAWS, and Public Works.

On July 14, 2025, the Planning & Zoning Commission considered the request and voted unanimously to recommend approval as presented.

Ms. Hernandez stated public notifications were mailed to property owners within a 200-foot radius. Notices were posted on the City's website and on the property. A legal notice was published in official newspaper of the City, the *San Antonio Express-News*. Staff received no responses in support and two in opposition within the 200-foot radius. No responses were received outside the 200-foot radius.

Mayor Honigblum opened the public hearing at 9:50 a.m.

Mr. Andy Laird, resident, stated the new build is violating a deed restriction that requires a setback of at least 35 feet and is concerned the house is being built 5 feet too far forward across a deed restriction setback. He wants Council to be fair to other neighbors that may be in the same situation in the future.

Mayor Honigblum responded and stated that this matter is private and must be resolved by the neighbors. City Council is only allowed to focus and follow the city's code of ordinances when it comes to developments in the city.

Mayor Honigblum closed the public hearing at 9:56 a.m.

Item # 7 Mayor Honigblum read the following caption.

Discussion and possible action on Planning and Zoning Case No. 450, a request of D. Scott Dye of Dye Enterprises, applicant, representing Aaron Recko, owner, to replat the property identified as CB 5811 BLK 22 LOT 9, also known as 255 Claywell Dr.

Mayor Pro Tem Jacobson moved to approve the request as presented. The motion was seconded by Councilmember Bonner and passed by 4-0 vote.

Item # 8 Mayor Honigblum read the following caption.

The City Council will consider the appointment of a new Director of Finance

City Manager Buddy Kuhn stated staff begin the interview process to select a new Finance Director in April 2025, nineteen applicants were received. Applicants were reviewed by the City Manager, Assistant City Manager, and Human Resources Manager.

Mr. Kuhn stated he proposed to appoint Ms. Kristine Horton as the new Finance Director and added per City Charter Article 5, Section 6 – Finance Director shall be appointed by the City Manager with the approval of City Council.

Mr. Kuhn provided some background information. Ms. Horton served as Finance Director for the City of Beeville for the past 10 years. She has worked for the City of Beeville for over 13 years in several positions including City Secretary Clerk, Deputy City Secretary, Staff Accountant / Finance Services Manager and now as the Finance Director.

Additionally, under Ms. Horton's leadership, the City of Beeville has received the GFOA distinguished budget award for the past 10 consecutive years with an annual budget of \$16 million dollars. She is proficient with the City of Alamo Heights current budgeting software. She oversees utility billing and was directly involved with the implementation of the new smart water meter system installed in Beeville and has oversight of the city audits, experience with IT, Court, Economic Development and TIFs.

Ms. Horton holds a Bachelor of Business Administration with a Major in Finance from Texas A&M University and holds an Associate's Degree in Finance from Coastal Bend College in Corpus Christi, Texas.

Mr. Kuhn stated the Mayor had been briefed on the proposed appointment.

Councilmember Jessee moved to approve the appointment of Ms. Kristine Horton as the new Finance Director. The motion was seconded by Mayor Pro Tem Jacobson and passed by a 4-0 vote.

City Council congratulated and welcomed Ms. Horton. She took the opportunity to thank them for the opportunity to serve the City of Alamo Heights and stated she looked forward to working with them.

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Work Session

Item # 9 Mayor Honigblum read the following caption.

Discussion of FY 2025/2026 Budget

Mr. Kuhn stated the budget process has been a real challenge this year and thanked staff, Assistant City Manager Phil Laney, Interim Finance Director Cynthia Barr, and Accountant Kayla Dechert for helping to get all the financial information together. He added with the loss of Mr. Robert Galindo; staff had to band together and figure it all out. Mayor Honigblum took the opportunity to thank Mrs. Barr for helping the city in its time of need.

Mr. Kuhn presented the proposed budget which 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 2024-2025 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 reviewed personnel expenses included in the FY 2025-2026 Proposed Budget. Staff agreed being able to provide great service and hospitality to the citizenry starts with the employees. This year staff proposes a 3.0% cost-of-living adjustment COLA for all employees excluding the City Manager who holds a contract position. The COLA is to maintain current staff and recruit new staff. The proposed 3.0% is an approximate cost of \$255,000.

Mr. Kuhn noted staff proposes salary increases for sworn Police and Fire employees to address market changes. The City, along with other communities, participate in studies that compares pay rates for each position. The study also compares salaries to the private sector, but staff concentrates mainly on the municipal portion. He reviewed the salaries for several Police and Fire positions and found the city fell short. The approximately a cost for an additional 3.0% for these positions is \$145,000.

Mr. Kuhn stated included in the budget is a 15% increase in health insurance. Last year there was a cost savings due to decreased health insurance rates at 4.0% or 5.0%. Staff will start comparing prices later this year and provide that information to City Council when it becomes available.

Mr. Kuhn reviewed the authorized positions for next year and noted an additional position for the Community Development Department to help increase efficiency with day-to-day activities and allow for the Director to focus on other goals and policies. The full-time equivalent is 105 projected for next year, an increase of one. He continued with the proposed General Fund for each department. He noted an increase of 1.6% overall due pointing out a -42%

which represents funds being spent on air conditioning repairs and addressed an increase in Public Works Administration of 22% due to various unanticipated projects.

Mr. Kuhn provided a recap of fund statements in the General Fund. The total revenue, including transfers for FY 2025-26, are projected to be \$14,070,693 representing a 3.9% increase from the current years adopted budget.

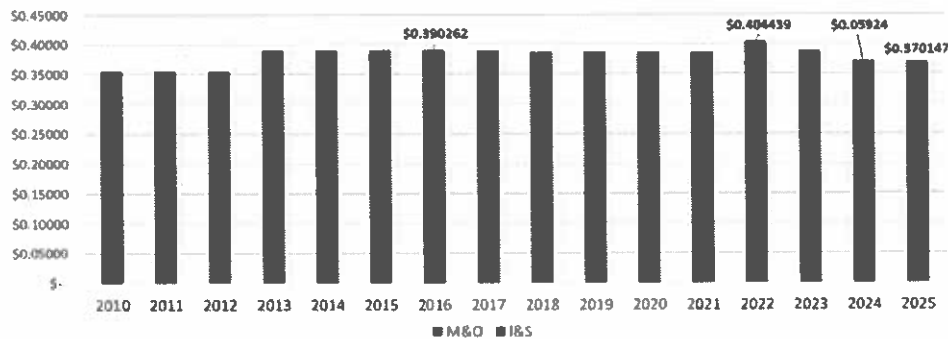
Mr. Kuhn reviewed the residential garbage fee being raised from \$20 to \$25 and non-residential fee is being increased from \$30 to \$35 for a total of revenue of \$162,685. The garbage fee was established in 2009, for residential \$10 and \$20 non-residential. Fees increased in FY2024-25 to current rates. The Proposed General Fund Operating Budget will produce \$638,785 in net revenue after expenditures.

Mr. Kuhn continued with the 2025 Property Tax Rate. He stated staff got an update in early July from the Bexar County Appraisal District. The valuation for Alamo Heights 2025 net taxable value is \$2,526,402,014 an increase of 1.8% over 2024 as of July 19, 2025. He stated about 50% of the City's FY 2025-26 General Fund revenue is from property taxes noting Alamo Heights has one of the lowest tax rates in the larger metropolitan area. Mr. Kuhn stated the current tax rate for 2024 is \$0.370147. The Voter Approval Tax Rate was \$0.472288. Staff will calculate the tax rate for 2025 at the beginning of August.

In comparison to other surrounding cities, Alamo Heights has one of the lowest tax rates in the larger metropolitan area with Terrell Hills being the lowest; however, it does not give tax breaks to senior citizens. Last year Alamo Heights dropped the property tax rate from \$0.370980 to \$0.370147.

Mr. Kuhn reviewed the city's historical tax rate from 2010 to 2025:

ALAMO HEIGHTS TAX RATE YEAR ENDING 2010 – 2025



2025 M&O Rate - \$0.311327
 2025 I&S Rate - \$0.058820
 2025 Total Tax Rate - \$0.370147

Mr. Kuhn reminded Council when the city issued debt, the city assumed 7 cents to pay the 2021 taxable bonds; however, the city has been able to lower that over the years and currently pays 5.8 cents.

Mr. Kuhn reviewed a sample property tax statement on 2025 average market home value as with 2025 tax rate in Alamo Heights under 65 years of age is \$887,627. He reviewed the 2025 property tax freeze. The Bexar Appraisal District estimates that 910 property owners will qualify for the property tax freeze in the 2025 tax year, an increase of 20. Properties qualifying for the tax freeze decreased the total taxable value by \$789,436,712. This equates to an approximate loss in property tax revenue of \$869,904 for FY 2025-26 as a result of the approved property tax freeze. Disabled residents and residents 65 years and over qualify for the property tax freeze.

Mr. Kuhn commented that sales tax is the second largest source of revenue for the city. FY revenue as of month of July is \$2,257,093. The City's current sales tax rate is 8.25 percent which includes one-half (.50) of a cent for street maintenance. Re-authorization of the street maintenance dedicated ½ cent sales tax is authorized every 4 years and was reauthorized by voters on the May 2025 ballot.

The projected FY2025-2026 sales tax collection is estimated to be \$2,595,000 and includes general fund and street maintenance fund collections. General Fund sales tax collection represents 12 percent of the total General Fund revenue. The FY 2026 Budget is 0.6% increase from current budget. Staff is budgeting conservatively.

Council discussed briefly how the renovations at Central Market are affecting the sales tax. Mr. Kuhn stated he could review, but noted it is proprietary information and added, overall, the sales tax is back on the uptick.

Mr. Kuhn reviewed the solid waste forecast. FYE 2025 revenues totaled \$725,410 with the increase from \$20 to \$25 for residential garbage fee and non-residential fee is being increased from \$30 to \$35 starting on October 1, 2025. The additional increase forecasts revenues of \$906,760. Mr. Kuhn presented a forecast for the increase:

	FYE 2025 Budget - Solid Waste Fee \$20	FYE 2026 Forecast – Solid Waste Fee \$25
Revenues	¹ \$ 725,410	\$ 906,760
Expenditures	-\$ 987,584	² -\$ 1,021,670
Solid Waste Cost	\$ -262,174	\$ -114,910
% of Expenses Covered by Fees	73.5%	88.8%

1) Solid Waste fee increase from \$20 to \$25 for residential & \$30 to \$35 for non-residential customers beginning 10-01-2025

2) A \$5 fee increase in FY 2026 projected to increase revenues by \$162,685

Mr. Kuhn reviewed the proposed General Fund Revenue allocations for FY 2025-2026. The estimated beginning fund balance on October 1, 2025 is \$8,085,829. The projected Ending Fund Balance on September 30, 2026 is \$8,724,614. He noted the beginning and ending fund balance does not include any proposed transfers or other improvements. He stated the operating revenues are estimated at \$14,070,693 with department allocations of \$13,431,908, an 1.6% increase that includes a 3% COLA. The remaining funds available are \$638,785 in working capital.

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 56% at the end of September 30, 2024. 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 an AAA rating from S&P due to the fund balance being in good standing, the economy is stable and strong management.

The proposed General Fund departmental allocation for FY 2025-2026 is \$13,431,908 and represents an increase of \$205,042 or 1.6% increase from the current year adopted budget. Council has projected \$1,382,000 for additional improvements.

Mr. Kuhn reviewed the proposed projects for consideration.

Annual GF Transfers	FY 2026 Amount	FY 2026 Amount
Comprehensive Fund – Beautification/Park Imp.	\$400,000	Community Improvement Grant \$50,000
Capital Rplmt – EMS	143,000	Capital Projects – Olmos Basin 25,000
Street Maintenance Program	135,000	Capital Rplmt – IT/Servers 14,500
Legislative Support	90,000	
Capital Rplmt – Police Cameras	60,400	Total \$917,900

The Comprehensive Fund transfer of \$400,000 is proposed for city park projects and beautification at Broadway/Ogden. The Capital Replacement – EMS of \$143,000 is the city's cost in partnership between the three cities (COAH, City of Terrell Hills, and City of Olmos Park).

Mr. Kuhn stated the Street Maintenance Program (SMP) fund was pretty healthy due to favorable bids from contractors. Council could choose to allocate these funds elsewhere. Council discussed continued funding for the street maintenance plan and requested staff focus on maintenance of city alleyways that are in poor condition and continue to deteriorate with rain events/floods. Mr. Kuhn stated staff would research this further.

Mr. Kuhn continued and stated legislature is currently trying to dissolve lobbyist support for municipalities and the proposed \$90,000 allocated for Legislative Support may not be necessary depending on the outcome of the special legislature session.

Other noted projects include \$60,400 Capital Replacement Fund for Police cameras; \$50,000 Community Grants; \$25,000 for Capital Projects – Olmos Basin; \$14,500 Capital Replacement for IT Servers, a total cost of \$917,900.

Mayor Honigblum requested to allocate funds for “dry suits” for first responders in light of the recent Hill Country flood. Mr. Kuhn stated that would not be an issue.

Mr. Kuhn reviewed additional FY 2025-2026 SAP improvements to consider.

FY 2025-26 SAP Improvement Proposals	Amount
Solid Waste Residential Trash Bins	\$150,000
Sworn Police & Fire Market Wage Adjustment (Total of 6%)	142,000
Add 1 Permit Technician in Community Development	71,079
City Hall Flooring & Furniture	53,000
New Park Design Support (up to \$)	50,000
Alamo Heights Blvd Master Plan	44,000
Community Fall Event	15,000
Total	\$525,079

Mr. Kuhn noted \$150,000 allocated for Council's request for standard residential trash bins and stated this would be for residents convenience, but primarily for employee safety. The city's dump trucks will lift the cans instead of the employees who can get injured on occasion. Council discussed potential cost savings and implementation of new trash bins. Mr. Kuhn stated staff would work on educating the residents and phasing these in.

Mr. Kuhn explained the police/fire wage adjustment of \$142,000 and clarified this was only for sworn first responders, not dispatchers. The adjustment is a total of 6% overall including the 3% COLA. There was a brief discussion on salaries compared to sister cities. Mr. Kuhn stated in comparison to other cities, if approved, the increase would bump fire personnel to the 90th percentile and police just above midpoint keeping in mind that police officers make more than firefighters do. Mr. Kuhn stated the goal was not to fall behind with competitive salaries.

Council briefly discussed health insurance, Mr. Kuhn explained the city pays 100% for employee health insurance; however, it is a high deductible health plan. The city offers a health savings account and health reimbursement account as approved by City Council.

Mr. Kuhn addressed the \$53,000 proposed for City Hall flooring and furniture. He stated it will allow for several things to be replaced such as 11 year old furniture/chairs, carpet, and needed repairs through out the building. He continued to highlight additional proposals that included addition of a Permit Technician for Community Development - \$71,079 (including all benefits), New Park Design Support – up to \$50,000, AH Blvd Master Plan - \$44,000, and a Community Fall event - \$15,000. Mr. Kuhn advised Council had sufficient funds to do all proposed projects if they decided to.

Mr. Kuhn recapped purchases using the \$2.1M American Rescue Plan (ARPA) Funds. Council approved a one-time premium pay for employees serving during Covid, approved the purchase of AC units, computer servers, increased digital storage capacity and police interview room upgrades. Funds were used to purchase two police patrol vehicles, one pick-up truck, an SUV, and UTV (shared w/ Fire, drone system & pilot training). Public Works purchased a garbage truck, grapppler truck, bucket truck, pothole patch truck, backhoe, water truck, and HD truck with crane body. Additionally, the Fire department purchased a pick-up truck. He noted all these items were projected future purchases that the city was able to purchase now with the aid of the ARPA funds, with the exception of two vehicles that remain for future purchases.

Mr. Kuhn proceeded to discuss the projected beautification projects revenues and allocations for FY 2025-26. The beginning fund balance available is \$2,817,887 noting a FY2026 Budget proposed transfer of \$400,000 from the General Fund to increase available funds for beautification and park improvements, increasing the fund balance to \$3,217,887.

Mr. Kuhn briefly discussed future transfers for the Broadway Project for engineering, design fees and landscaping which are currently undetermined. He identified estimated costs for the project: TxDOT estimated construction cost - \$84 million, including WGI estimated water & sewer construction cost - \$11 million with construction start time estimated in the Fall 2027. Council discussed opportunities to fund the remaining deficit funds. They discussed the recent TxDOT Open House held on May 28th where an estimated construction start time of Fall 2027 was announced.

Council continued to discuss the recent meeting with AHISD where they requested help funding part of their beautification project. They requested \$1.5M; however, staff advised the city did not have the funds. Mr. Kuhn noted they could choose to pull money from the city's beautification fund. Council agreed assisting with a portion of the requested funds is the right thing to do.

Public Works Director Frank Orta an in-kind service is a great idea to help the school district out but noted the city/staff would need a final design based on the schematics they presented. He noted some of the crosswalks are anywhere from \$60,000 to \$70,000, just for the crosswalks they proposed. Mr. Orta stated maintenance of these crosswalks would cost approximately \$50,000 every 2 years and are costs that the city will incur in the long run. So we would need their final design to be able to see how much of an in-kind service we can provide.

After further discussion on funding options for the school project, Council decided to revisit with the school board and continue discussions at a later time. Mayor Honigblum shared he rather spend the money up front for colored pavers than paying an ongoing \$50,000 a year in paint maintenance.

Assistant City Manager Phil Laney continued with the budget presentation and spoke about potential improvements for this upcoming year. He stated the water/sewer rates will increase approximately 4% in FY2026, per 5-year rate increase beginning in FY 2024. The increases are designed to support the city's capital improvement plan. The capital improvement plan assumed debt issuance of \$8 million through 2026. He noted the capital improvements have been funded to date with revenues and fund balance. The city has been able to stretch dollars further and not have to take out debt due to cost savings by providing a lot of the services in house. He commented the fund balance is projected to be exhausted by the end of FY 2026 and debt issuance will be necessary in FY 2026 to continue critical infrastructure improvements, including water meter replacement, and TCEQ Compliance for 4 X 2 water relocation project.

Mr. Laney reviewed the Projected Utility Fund Revenues/Allocations for the proposed FY 2025-26 budget stating the city is projected to have about \$1.6 million dollars balance. Not included in the projected net beginning fund are the drought surcharge fees being collected from residents who go over a certain amount of water in a month. These fees are allocated in a separate fund and are projected to collect approximately \$544,023.

Projected Net Beginning Fund Balance 10-01-25	\$1,647,967 ⁽¹⁾
Revenues	\$4,753,775
Use of Reserves	+ 996,398
Total Available Funds	\$5,750,173
Operating Expenses & Capital Projects	- \$5,750,173
Working Capital	\$0
Projected Gross Fund Balance 09-30-26	\$651,569

Mr. Laney continued to review the proposed Utility Fund Budget for FY 2025-2026 totalling \$1,485,750. The proposed improvements includes: TCEQ Compliance for 4 X 2 water relocation - house connections contracted out - \$585,000, Water Meter Replacement – project management & debt service - \$378,750, the Lower Broadway project engineering cost - \$310,000, Sewer Improvements - \$125,000, and Water Tower Analysis - \$87,000. He advised debt issuance was necessary to support projected capital improvements.

Mr. Kuhn added part of the reason the city was in this predicament is because the city has only taken out debt on the utility fund once since 1922 and now things have aged out and need replacing. He stated staff would be bring this to City Council for consideration in the near future. Council deliberate on steps for issuing debt.

Mr. Orta briefed Council on the use of gray water. He stated he spoke to the Alamo Heights Pool and Little League who were interested in acquiring gray water contingent on them not incurring any additional cost. The city would have to assume costs for separating irrigation water from domestic. Additionally, staff would need to configure an analysis of how much gray water is anticipated to be used and provide SAWS with engineered plans. All the construction costs would be the city's responsibility. Mr. Orta stated the cost to reconfigure the water lines is unknown. Mr. Kuhn added it is anticipated to be hundreds of thousands of dollars the city does not have.

Councilmember Lawson Jessee stated he may propose transferring funds from the general fund because the recycle water is critical for the proposed parks. He added the city is always in perpetual Stage 4/Stage 5 restrictions and has a bunch of brown parks. He commented the city needs to drill a well or bring recycled water.

Mr. Kuhn stated Council could make a transfer from the General Fund; however, it would not scratch the surface of what it the project is going to cost. Council discussed options on funding an engineering study for the gray water project and agreed to use General Funds of \$50,000.

Mr. Laney reviewed the other governmental funds for FY 2025-2026.

Funding Summary				
	Comprehensive Plan	Street Maintenance	Capital Projects	Capital Replacement
Projected Fund Balance 10/1/25	\$ 2,331,164	\$ 1,486,833	(4) \$17,236,275	\$ 1,479,567
Transfer in/Revenue	(1) \$ 1,534,686	(3) \$ 865,000	\$ 344,725	\$ 0
Expenditures	(2) -\$ 2,817,887	-\$ 1,000,000	(5) -\$ 0	(6) -\$1,035,151
Projected Ending Balance 9/30/26	\$ 1,047,963	\$ 1,351,833	\$17,581,000	\$ 444,416

- 1) Consolidation of Beautification funds \$1.5 million; pending additional \$540,000 in transfers for Beautification \$400,000, Comm. Improvement Grant \$50,000 & Legislative Support \$90,000
- 2) Beautification \$2.8 million & up to \$3.2 million; Community grant program \$50,000 (must be used by 9/30/2026)
- 3) Street Maintenance estimated dedicated ½ cent sales tax revenue
- 4) 2021 Taxable bond proceeds of \$13.25 million plus interest totaling \$15.4 million & Drought Surcharge Fee proceeds of \$470,000 included in Capital Projects Fund balance
- 5) Olmos Basin Cleanup \$25,000
- 6) Capital Replacement – Beautification swap; pending additional \$217,500 in transfers for EMS \$143,000, Police Cameras \$60,400 & IT, \$14,500

- The Comprehensive Plan beginning balance projected at \$2,331,164 with a transfer in of \$1.5M, the projected ending balance is \$1,047,963 after expenditures of \$2,817,887.
- The Street Maintenance beginning balance was \$1,486,833 with \$865,000 collected in ½ cent sales tax revenue, this leaves a projected ending balance of \$ 1,351,833 after expenditures of \$1,000,000.
- The Capital Projects beginning balance was \$17,236,275 which includes the 2021 Taxable bond proceeds of \$13,250,000 (plus interest) and drought surcharge proceeds of \$470,000. The projected ending balance is \$17,581,000.
- The Capital Replacement fund beginning balance was \$1,479,567. The projected ending fund balance is \$444,416 after expenditures of \$1,035,151. Mr. Laney noted most of the projected capital replacement items were purchased with the ARPA funds.

Mr. Kuhn briefly discussed an upcoming expense to replace a 17-year-old fire truck in the near future for \$2M. He advised it usually takes approximately 4 years to get it delivered.

Mr. Laney stated at the scheduled Council meeting on August 12, 2025, staff will present the Proposed Budget for FY 2025-26 and the Ad Valorem 2025 Proposed Tax Rate to City Council and set a Public Hearing for the Proposed Budget. On August 25, 2025, Council will discuss and consider adopting both the FY 2025-26 Budget and 2025 Ad Valorem Tax Rate.

Mr. Kuhn commented that per legislative law, the City Secretary would send them the new revenue tax rate and voter approval rate via email by August 7th. He requested Council review the “cafeteria plan” for upcoming FY 2025-26 projects.

Councilmember Jacobson suggested to hire someone that could work with the staff on communication of various city projects and initiatives. Council agreed and suggested staff to explore hiring an outside consultant to assist staff.

Council agreed to include several proposed improvements in the FY2025-26 Budget. These included Beautification and Parks - \$485K, new Park Design Storybook - \$50K, Park Sustainability - \$ 50K, AH Blvd Master Plan - \$50K, Community Event - \$15K, Legislative Support/Lobbyist - \$90K (dependent on Legislative session), Community Improvement Grants - \$50K, Olmos Basin Clean-up - \$25K, Uniform Residential Trash Bins - \$150K, Sworn Police/Fire wage increase - \$145K, Additional Permit Technician (Community Development) - \$71,079, City Hall Furniture/Maintenance - \$53K, Capital Replacement EMS - \$143K, Capital Replacement Police Cameras - \$60,400, and Capital Replacement IT/Servers - \$ 14,500.

In closing, Council revisited solid waste fees and agreed to make this an “enterprise fund” to avoid falling behind in cost/revenue. Mr. Kuhn stated staff would work on this and bring it back to Council on August 12, 2025.

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Councilmember Bonner moved to adjourn the meeting at 11:50 a.m. Motion was seconded by Mayor Pro Tem Jacobson and passed by 4-0 vote.

PASSED AND APPROVED THIS 12TH DAY OF AUGUST, 2025.


Elsa T. Robles, TRMC
City Secretary


Albert Honigblum
Mayor
