

CITY OF ALAMO HEIGHTS
CITY COUNCIL
September 14, 2026

A 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 3:30 p.m. on Monday, September 14, 2026.

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

Also attending were:
City Manager Buddy Kuhn
Assistant City Manager Phillip Laney
City Secretary Elsa T. Robles
Finance Director Kristine Horton
Public Works Director Frank Orta

Not attending:
Councilmember Lynda Billa Burke
Councilmember Blake M. Bonner

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Mayor Albert Honigblum opened the meeting at 3:33 p.m.

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Item # 1 Citizens to be Heard

No comments made.

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Item # 2 Mayor Honigblum read the following caption.

Discussion of the 2026 Water and Wastewater Rate Study.

Councilmember Trey Jacobson stated this was a follow up on Willdan's Water and Wastewater Rate analysis from earlier this year. Preceding that discussion, Council ultimately authorized over \$7.7M in Certificates of Obligation to enhance the water and wastewater utilities; however, it was discovered that the City had many more anticipated needs that needed funding. To help address this and find solutions, Mayor Honigblum appointed a subcommittee consisting of Councilmembers Jacobson and Baker.

Councilmember Jacobson stated his presentation will address Policy Considerations, Water Sub-Committee Proposal, Future Policy Considerations, Community Engagement Options, and a Summary/Wrap-Up.

Councilmember Jacobson reviewed policy considerations noting the City has over \$19+ million in needed for Water/Wastewater utility system upgrades because of aging infrastructure and the Lower Broadway project line replacement (up to \$10 million). However, the City has insufficient debt capacity, reflective of the revenues collected for domestic water and wastewater services. He stated the City Council has expressed interest to acquire more water rights and/or EAA pumping capacity.

The City has Capital Improvement Projects (CIP) slated for 2027-2031 which include the Lower Broadway Water & Sewer - \$9.84 million, Proactive Sewer Rehab - \$8.77 million, Water Rights Acquisition - \$5.00 million, Water Towers Rehab - \$1.20 million, and Well Overhaul - \$0.14 million. The combined projects total \$24.96 million.

Councilmember Jacobson stated the consulting firm, Willdan Financial Services, identified the City is charging far below the market rates for service connections and consumption volumes for both water and wastewater. They recommended substantial rate increases for those in order to maintain the operations and to fund some of the necessary capital improvements. He reviewed water and sewer rate comparisons across other cities noting Alamo Heights fees are far below other surrounding cities.

Councilmember Jacobson continued and noted Council had favored Scenario II.1 as presented by Willdan earlier this year which included that almost all the capital improvements be funded with bond issues, future bond issues, except for, \$500,000 annually in cash payments towards some of those projects. This plan would also include enough support to provide for a \$1M annually for water acquisition.

Other policy considerations are the City's wastewater operating expenses are largely determined by the San Antonio Water System (SAWS), which provides treatment and disposal services. SAWS has notified the City of a proposed 6.2% increase in wastewater rates (approx. \$80k). Additionally, the City's wastewater infrastructure repair or replacement is largely determined by the greatest need or risk. The Council has expressed interest in proactively addressing the aging wastewater system, contributing to the proposed wastewater rate increases of which over 2/3 are driven by capital needs.

Councilmember Jacobson stated Council also indicated interest in:

1. Adjusting irrigation-meter water usage rates, since all water consumed is irrigation related.
2. Funding the Lower Broadway utility improvements as a utility fund CIP, instead of property taxes.
3. Maintaining the current Drought Surcharges, with possible adjustment to the volume level at which the surcharges apply.
4. Increased reliance on economic incentives to curtail landscape watering during droughts, rather than restrictions on watering days.

The Water Subcommittee recommends expanding the water/wastewater CIP to include the Lower Broadway project utility upgrades and 5-year acquisition plan for additional water resources. They recommend adopting the consultant-recommended 5-year rate plan using Scenario II.1 rates with modifications as follows:

5. Add another rate tier for residential, multi-family, and commercial customers.

6. Adjust the multifamily rates to reflect size of complex and usage, when a single domestic master meter used.
 - Impacts approximately 68 multifamily accounts, of which 58 accounts have 10 or fewer units.
7. Adjust the Irrigation Meter Rate structure
 - Starting rate (0 – 4,000 gal): approximately \$3.93/kgal
 - Top rate (17,001 gal & over): approximately \$13.29/kgal

Councilmember Jacobson noted adoption of the subcommittee recommendations will result in modified rates to be calculated by Willdan (consultant). He reviewed examples of billing statements with new rates reflected and spoke about potential modifications to the City's Water Conservation Plan which aims to reduce water by restricting landscaping water, depending on drought conditions. He added the effectiveness of this has been mixed. The City has exceeded its authorized EAA pumping limits on occasion causing fines and/or expensive mitigation strategies.

The Water Subcommittee proposes a new approach to conservation which would shift from an inconsistent approach to restrict use towards economic incentives to discourage excessive water use. This would not affect basic home water costs, the rates increase gradually with water use, with the highest-use customers paying more, and will continue levy of a drought surcharge in addition to the proposed water rate plan. Prohibitions will remain in place against water waste and landscape watering in the middle of the day. The proposed policy goal is to reduce or eliminate watering restrictions for residential customers. Under a future policy, residential customers could be permitted to water landscaping or pools as they choose, understanding that this convenience and use comes with a cost as it would be an economic mode, the more you use, the more you pay.

Councilmember Jacobson commented with implementation would come new "triggers" to help monitor water use and impose drought surcharges. Currently, the City uses the EAA triggers, but there may be other alternatives for the City. He stated community education on the new policy will be necessary and explored ways to accomplish this:

Initial Community Engagement Options

8. Letters to customers regarding changes to rates
9. Website updates/information
10. Newsletter and/or bill insert
11. Public forum(s)/discussion(s)
12. Web-based calculators to determine impact of rates per account

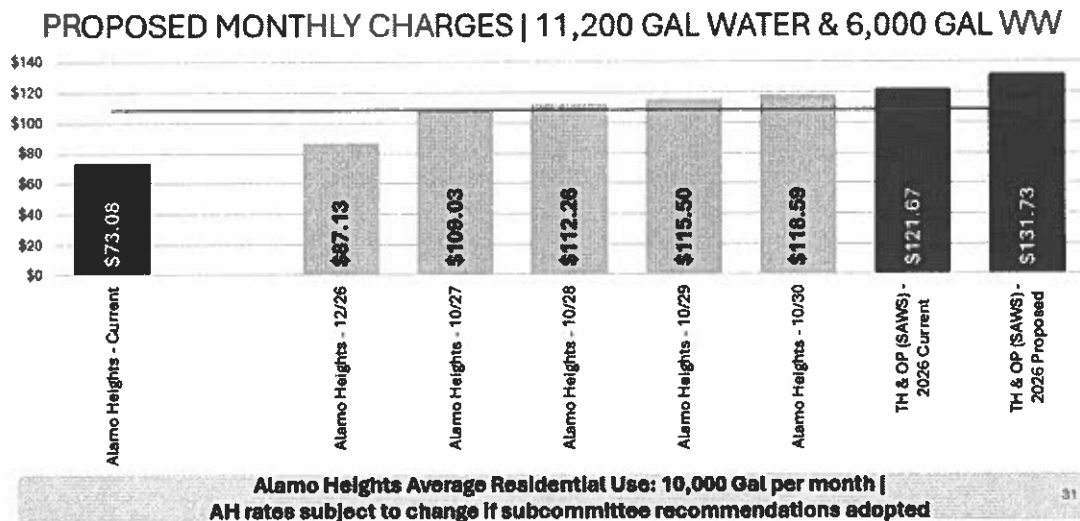
Ongoing Community Engagement Options

13. Website updates/information
14. Periodic bill inserts
15. Emails
16. Push notifications (smart meter platform)
17. Other

In summary, Councilmember Jacobson recapped the subcommittee's proposed recommendations to move forward.

1. The recommended 5-year water rate plan corrects overdue adjustments needed to fully pay for costs of delivery and water infrastructure.
2. Added utility revenues will create financial capacity for:
 - Unfunded, but critical Water/WW infrastructure repairs/updates
 - Future Lower Broadway water & WW replacement
 - Acquisition of additional water resources to meet customer demand
3. New rates minimize impacts to the majority of customers who typically consume basic household water needs.
 - Conversely, high demand customers will see higher rates.
4. Revises the irrigation-only meter and multifamily water rates to align fairly with the rates for household use meters.
5. Maintains the drought surcharge to discourage excessive landscape watering.
6. COAH will, even after the full 5-year implementation of the proposed rate increases, continue to have significantly cheaper water than SAWS, Terrell Hills and Olmos Park systems (today).

Water & Sewer Rate Comparison



7. We recommend a strong community engagement strategy to communicate the planned rate changes.
8. We also recommended continued policy discussions including possible changes to the COAH Water Conservation Plan.

Council discussed the proposed policy changes. City Manager Buddy Kuhn stated staff wanted to know if there was a general consensus on how to move forward before the consultant recalculates the numbers for the rate increases.

Councilmember Jacobson reiterated the water subcommittee recommends continued discussions to change the watering restriction approach to a more of an economic model, noting this would take several months to work through. Councilmember Karl P. Baker asked if the

consultant considers any impact on demand as a result of the water rate increases. He added the proposed changes to the policy/rates should increase the city's revenue.

Council discussed the city's current restrictions on watering weeks and agreed they were not very effective. Mr. Kuhn stated enforcement is a difficult thing because the AHPD enforces restrictions at night and cannot be on every street, every night.

Mayor Honigblum asked for Council's consensus on how staff should proceed. Mr. Kuhn stated additional studies may cost an additional \$5-6K. The original agreement with Willdan was not to exceed \$29K. Council agreed to have Mr. Kuhn speak to the consultant regarding the desired changes and provide Council an update. Council briefly discussed the implementation of impact fees and proposed staff research this further.

Council reiterated the importance of community education on proposed water restrictions, water rate changes, and new water meters. Councilmember Jacobson suggested outreach letters, emails, and a community meeting about the water system and water restrictions. Mr. Kuhn cautioned Council to be really careful about saying residents can water whenever they want because there has to be limits.

In closing, Council discussed the timeline for implementing new water rates. Mr. Kuhn reminded Council there is a 3% increase in water rates starting October 1st as approved by past ordinances. He stated implementing new/additional water rate increases is an extensive process that will take staff some time to complete.

Council asked staff to move forward with noted policy changes and new water rate structure to possibly implement on December 1, 2026. Mr. Kuhn stated staff would work on getting it ready for Council approval.

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With no further discussion, Mayor Honigblum closed the work session at 4:48 p.m.

PASSED AND APPROVED THIS 28th DAY OF SEPTEMBER, 2026.


Elsa T. Robles, TRMC
City Secretary




Albert Honigblum
Mayor