

City of Llano

Budget Memo No. 3

To: Mayor and City Council
From: Finley deGraffenried
Re: Modifications and Budget Options
Date: 20 August 2012

Again, thank you for your time last week to discuss options for the proposed FY 2013 budget. As discussed, the good news is the budget is balanced, however; staff now seeks Council input for uses and amounts of projected surpluses. There are a number of options and combinations of expenditures and revenue sources that would be best discussed in a Workshop format. **Staff is recommending Council set a date for a budget workshop at the August 20th meeting.**

At the request of individual Council members, staff has reviewed fees, made additional cuts, and has investigated the savings of a department head salary freeze. These items have been incorporated into the budget balance in Memo No. 2 (\$8,792.83 surplus) for various options on the attached page. Council may wish to follow this format, offer additional suggestions for consideration, or direct staff to make other modifications. A likely starting point at the Workshop will be consensus or direction on the priority and amounts of funding for additional drainage, Library, playground upgrades or the employees' HRA account.

As a reminder, Budget Memo No. 2 calls for an increase in drainage expense; accounts for savings from previously budgeted health insurance premiums; increases water rates; decreases debt service by purchasing a mower outright; and decreases debt service for a police car and playground equipment. Staff has offered the suggestion of using ROW proceeds for playground upgrades. Additionally, per the spreadsheet provided to Council on July 12th, staff has offered the suggestion of paying for water related project engineering through the Council Restricted Sinking Fund. Council will be asked for formal direction on the procurement process for these studies on the September 4th meeting agenda. Council will also be asked to review the scope of work for the studies. The current balance of the sinking fund is approximately \$437,000.00.

The following are various options for Council consideration. Staff reminds Council that these options are simply a starting point for discussion at the Workshop. ***Council could consider other variations; direct staff to investigate other options; or offer additional modifications.***

1.

Memo No. 2 Net		\$8,792.83
Summary of Additional Cuts	\$6,050.00	
Fee Increases	\$11,705.00	
Economic Impact ALCO	\$2,000.00	
Surplus Available for Library, drainage, playground No Property Tax rate increase		<u>\$28,547.83</u>

2.

Memo No. 2 Net		\$8,792.83
Summary of Additional Cuts	\$6,050.00	
Fee Increases	\$11,705.00	
Economic Impact ALCO	\$2,000.00	
Dept Head Salary Freeze	\$7,770.16	
Surplus Available for Library, drainage, playground, or HRA accounts No Property Tax rate increase		<u>\$36,317.99</u>

3.

Memo No. 2 Net		\$8,792.83
Summary of Additional Cuts	\$6,050.00	
Fee Increases	\$11,705.00	
Economic Impact ALCO	\$2,000.00	
Salary Increase 2% to 3%	(\$19,630.66)	
Dept Head Salary Freeze	\$7,770.16	
Surplus Available for Library, drainage, playground No Property Tax rate increase		<u>\$16,687.33</u>

4.

Memo No. 2 Net		\$8,792.83
Summary of Additional Cuts	\$6,050.00	
Fee Increases	\$11,705.00	
Economic Impact ALCO	\$2,000.00	
Ad Valorem @ \$0.41 per \$100.00	\$25,659.00	
Surplus Available for Library, drainage, playground or HRA accounts		<u>\$54,206.83</u>

5.

Memo No. 2 Net		\$8,792.83
Summary of Additional Cuts	\$6,050.00	
Economic Impact ALCO	\$2,000.00	
Surplus Available for Library, drainage, playground No fee increases; no Property Tax rate increase		<u>\$16,842.83</u>

6.

Memo No. 2 Net		\$8,792.83
Summary of Additional Cuts	\$6,050.00	
Economic Impact ALCO	\$2,000.00	
Dept Head Salary Freeze	\$7,770.16	
Surplus Available for Library, drainage, playground or HRA accounts No fee increases; no Property Tax Rate increase		<u>\$24,612.99</u>