

City of Llano

Budget Memo No. 2

To: Mayor and City Council  
From: Finley deGraffenried  
Re: Budget Modifications; Budget Memo No. 2  
Date: 5 August 2012

Thank you for your time and input last week in reviewing the current status of the budget preparation. The City has received good news regarding our health insurance renewal. Based on our premium versus claim experience, the City has received notification that our premiums will decrease by 17% for the coming year. Additionally, based on Council input, Staff is preparing rate increases for Water that would generate an additional \$86,533.00 more than the conservatively budgeted water revenue of \$870,000.00. Staff is also recommending a decrease in budgeted salary increases from 3% to 2%, a savings of \$19,630.66. Again, Staff continues to seek Council input on these and other modifications.

Staff offers the following adjustments for Council Consideration:

<u>Item</u>	<u>Impact to Budget Net</u>	<u>Budget Net Balance</u>
Current Net		(\$189,900.13)
Health Insurance Premium	\$97,131.00	(\$92,769.13)
Water Rate Increase	\$86,533.00	(\$6,236.13)
Reduce Salary Expense (3% - 2%)	\$19,630.66	\$13,394.53
Park Mower Purchase	(\$11,000.00)	\$2,394.53
Delete Park Debt Service	\$2,394.53	\$4,830.82
Increase Drainage Expense	(\$10,000.00)	(\$5,169.18)
Delete Police Debt Service (car)	\$8,425.00	\$3,255.82
Delete Park Debt Service (playgrounds)	\$5,537.01	\$8,792.83

Council may also wish to discuss and consider these additional modifications

Increase Ad Valorem to \$0.41 per \$100.00	\$25,659.00
Increase HRA Contribution \$250.00/employee	(\$11,250.00)
Council Chamber Sound System	(\$2,500.00)
Net of Additional Items	\$11,909.00

Electric Rates As discussed, LCRA has reduced the wholesale cost of electricity by \$0.0026 per kilowatt beginning in July. The adjustment will be passed onto the consumer per ordinance, however; Alderwoman Simpson has asked that this item be discussed.

ABNR/Parks As of this memo the City has not received notification of any possible ABNR allocation from LCRA. Staff recommends that those funds, if any, be allocated ½ to drainage expense and ½ to Park improvements. Additionally, Council may wish to consider allocating any revenue received from the sale of City ROW to Park improvements.

Library

Llano County Judge, Wayne Brascom, met with the Mayor and City Manager on Thursday to discuss possible financial support of the Llano County Library. Judge Brascom informed the City that due to County budget restraints, the Library would decrease its operating days to 4 rather than 5 and one half. The County offered the meeting to discuss options with the City and to seek any possible financial support the City might offer. Staff would advise Council that any financial support be contingent on operating 5 ½ days.