

Good morning Horseshoe Bay –

As I compose the July 2nd and 3rd version of Council Comments, Becky and I are chugging down the highway through the arid prairies of west Texas. Don't worry – she's driving.

Hope your 4th was a good one. I did note we had fewer participants in the boat parade and fewer revelers along the way. Wednesday seems to be the worst day of the week for a one day holiday. Oh well, time to move on to the bidness of our city.

By far, the longer and more critical of the two council meetings this week (it's currently Thursday morning) was the first Budget Workshop of the year. First, some basics. 2012 General Fund projected revenues should exceed the 2012 budget and are projected to be down slightly in 2013. Projected 2012 annual expenses are under budget with a slight increase in 2013. The same basic relationships exist in the utility Fund budget and again the differences are minimal.

The Council, by a 5 – 0 vote, approved the deferral of a portion of the HSB POA's repayment of funds deferred in 2010 for the Quail Point redo and expansion. Due to an unexpected revenue shortfall, the POA will need an additional year to complete repayment. Our Nation's current economic climate seems to contribute to most of these unfortunate and unexpected occurrences. But, isn't the new Quail Point a peach?

A key element of the city's budget discussion each year is the employee merit compensation plan. The merit adjustment for 2012 was approximately \$100,000 or 2.82%. The proposed 2013 adjustment is \$90,000 or about 2.5%. While we are aware that many cities are unable to grant salary increases, our city does have adequate financial resources to reward our best performers.

A discussion of proposed water rates for the coming year led to a consensus that rates for most all water users, except those at the high volume end of the usage matrix, would remain unchanged in the coming year. High end users will continue to be encouraged to conserve. Our conversion to automatic water meter reading has led to significant savings in usage due to prompt discovery of water line failures (city and customer) and the fixing of the problems. The conversion to these state of the art meters is about 10% complete.

Final numbers for the Bay West Bridge – the contractor completed the bridge at the proposed cost to the city of \$670,000. On time and on budget. Have I mentioned that the bridge is open and really looks great? In addition, there was one \$10,000 change order and \$140,000 in design and engineering expenses for the two bridges submitted for unfortunately three rounds of bidding.

While on the cedar subject, Manager Stan is gathering info to enable the council to budget for completion of the dead tree/cedar removal from within our city. A small area of the Bay has been completed and in those areas the visual improvement is significant. Chief Fiero really likes it too. A general discussion of this topic indicates the council

would like to complete this project sooner rather than later. Pending availability of funds, the council will discuss accelerating the removal process at the next budget workshop. Relating to my personal experience on this topic, I have had many positive comments on this effort. So folks, my view is “let’s get ‘er done”.

For those of you who might not have visited The Fairways, Lighthouse Drive or parts of HSB South since the streets have been recreated; you might want to take a Sunday drive. They look really good and near as I can tell, while causing some inconveniences, the process went very well. While never, ever one to bad mouth precipitation, it did contribute to most of the construction problems and delays.

Completion of phase one of this project was more expensive that expected. The primary culprits were the springs discovered under the roadway and the concrete poured to connect the new streets to existing driveways. In many cases, especially in cul-de-sacs, any relation between the driveway beginnings and the curb endings was purely coincidental. Concrete turns out to be the most expensive ingredient necessary for this project.

No ones at fault, but 25-30 years ago developers built very basic street, sold lots, chip sealed and houses and driveways got built years later. As we continue through the remaining phases of this massive first time city streets project we will encounter other unanticipated problems. May not be this one again, but unanticipated problems just the same.

Bottom line is, this project will be more costly than expected. There are no plans to cut back on size, curbing or construction standards. As we get another year into this, our city ad valorem rate may need a 3 – 5 cent tweaking to retire additional bonded debt. The good news is we started at 50 cents, we’re down to 25 cents and bond interest rates are at an all time low. Three years ago when the ad valorem rate was reduced from 32 cents to 25 cents, we discussed a smaller reduction as a hedge against just this sort of unknown occurrences. The decision was made to not create a “what if” pool of your tax dollars, but to reduce the tax rate to what was required at the time. That 25 cent rate has existed for 2 years and will continue into next year, as proposed on July 2. I hope you would agree with me that tax dollars need to be available when needed – not when it is safe and convenient. Obviously this is a “more to come” issue.

As already stated, a 5 – 0 vote approved a 25 cent/\$100 valuation tax rate for the coming year – same as this year. We then adjourned until-----

It’s now 3 p.m., Tuesday, July 3 and the Reverend Johnny prayed and we pledged.

I’ll limit the filler as the Budget Workshop resulted in lots of words. Manager Stan had a few more dead/cedar tree removal statistics. With \$12,000 of the \$25,000 budgeted for 2012 spent, 38 dead oaks and 272 cedars are now felled, chipped and history. They were on 39 lots, so a long way to go and as usual –a work in progress.

By a 5 – 0 vote the new Summit Rock elevated storage tank construction contract was approved. The tank will be a similar design to the new HSB West tank, but smaller. The tank will be paid for with funds provided by the Summit Rock developer.

It appears the Oakridge folks are nearing a solution to their fire protection situation. The council consented to, by a 5 – 0 vote, formation of a new Llano County Emergency Services District within our ETJ for the Oakridge subdivision. This has been a pesky (and serious) problem for our Oakridge neighbors and hopefully will allow them to rest easier as they will be able to pay our city for fire protection.

Two new residential dwelling classifications, (Cabin and Compound) were added to the city's zoning code. These residence types will be part of the new marketing plans for Summit Rock.

Finally, at 3:25 the council authorized a November 6, 2012 City Council election. We then adjourned.

The long hot summer is now in full bloom. Stay cool, stay hydrated and pray for rain. Until next month this is your scribe signing off.

Jeff Robinson