

Revenue, employee compensation among key city budget topics

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said would not burden households but would help balance out increases in expenditures. While mentioning a possible rate increase, White also suggested offering a credit at the end of the year to utility customers who follow energy-efficiency practices.

DeGraffenried said raising the electric rate one-tenth of a cent per kilowatt would add \$2 to the bill for a household that uses 2,000 kilowatts per month. A quarter-cent increase would add \$5 to the bill for a household with the same average monthly usage, deGraffenried said.

The city has about 3,200 electric customers. DeGraffenried and Finance Director Yvonne Moreno said they can find out how much extra revenue the city would get based on various potential rate increases.

Mayor Misti Talbert said she would like to know exactly what budget effect a small electric rate increase would have.

"I mean, a minimal impact to the house may actually even be a minimal impact to the budget, too," she said.

When the council discussion shifted to property taxes, Ms. Moreno said one cent on the tax rate generates about \$39,000 for the city.

While no one on the council advocated this, Mayor Misti Talbert asked how much extra revenue the city would generate if the council set the tax rate just below the rollback rate. The rollback is the highest tax rate an entity may adopt without creating the possibility of a rollback election -- a voter-initiated effort to force the rate back down.

Mrs. Talbert emphasized her question is only hypothetical at this point.

Ms. Moreno said the maximum tax rate increase without reaching the rollback level would be about 3 cents per \$100 valuation. If the council did push the tax rate to just below the rollback rate, the revenue increase would be about \$120,000, the finance director said.

Another revenue idea the council discussed is charging for items -- such as replacement of broken valves, meter boxes and cleanout caps -- the city currently provides for free.

"We've been giving a lot away," Mayor Pro Tem Chuck Williamson said.

Councilman Robert McCauley said it makes sense for the city to charge to recoup its expenses.

"If we pay to do something, we should get paid back for it," he said.

Mrs. Talbert said in light of discussions about taxes and utility rates, the council certainly should consider every revenue source "that only impacts the person that causes the problem, or creates the cost,

before everybody shares that cost."

Ms. Moreno said charges for those types of items likely will not boost total revenue much, but Mrs. Talbert said it still is an important principle.

Department heads said it is beneficial to offer some services -- such as clearing fallen branches from power lines, or sending police officers to unlock vehicles when motorists lock their keys inside -- for no charge, as that builds goodwill in the community.

Mrs. Talbert said there is a difference between services and products -- and she said the city should charge for the latter.

McCauley suggested letting department heads decide which specific services should be fee-based.

Public Works Director Shane Brown said the city loses money when officials waive fees for utility extensions. Brown said he questions how much the city benefits compared to the value of what it gives away in waivers.

SALARIES AND BENEFITS

Along with discussing revenue potential, the council talked about possibilities for city staff pay and health insurance. Lampasas has about 110 employees, and salaries and benefits combined account for 30 percent of total expenditures.

The preliminary budget plan calls for salaries to remain at the current levels, although the council can change that plan. If the council were to approve a percentage raise for all employees, deGraffenried said each 1 percent would cost the city about \$60,000, once payroll taxes and benefits are included.

White said he does not like the idea of a fixed percentage increase in pay for all employees.

"That's a ribbon for participation," he said. "I don't personally agree with that."

The councilman said he would like to increase the use of merit-based raises.

DeGraffenried said his comment is that workers who are not worthy of raises typically do not continue as city of Lampasas employees.

While expressing gratitude for the council's support of city employees,

'We've been giving a lot away.'

**Mayor Pro Tem
Chuck Williamson,**

discussing whether the city should boost revenue by charging for items that have been free.

department heads raised some concerns about merit-based pay raises. Some of the comments were that there was not enough money in the last budget year to reward all deserving employees, that not all departments followed the same procedures in awarding merit raises and that workers benefit less -- particularly in salary terms for retirement purposes -- from one-time payments than from raises that boost their base salaries.

Some department heads said it is better to give all employees the same dollar amount of a raise instead of increasing salaries by a fixed percentage. Raises with a defined dollar amount benefit lower-paid workers more, they said, whereas a percentage-based system results in higher salary increases -- in terms of dollars -- for highly-paid employees than for those on the lower end of the pay scale.

McCauley suggested a system with an across-the-board increase for all workers and merit-based pay for the specific employees deemed most deserving.

Mrs. Talbert said when setting salaries for various positions, officials need to consider the value to the public of the work being done. She mentioned two specific positions to illustrate her point.

"I will never in a million years understand why a part-time library clerk makes more money an hour than a part-time firefighter," she said. "That's an issue for me. It needs to be fixed."

Along with talking about salaries, the council discussed the rise in health insurance premiums and what the city should do in response.

The city will pay about \$115,000 more for health insurance premiums in the 2017-2018 fiscal year than in 2016-2017, deGraffenried and Ms. Moreno have reported. The increase is about 13 percent -- the city's first double-digit hike since 2011, deGraffenried said.

The cost to employees also will rise -- unless the council decides the city will pay that increase, as well.

If the city does not pay extra and employees face higher premiums, Ms. Moreno said take-home pay would be about \$60 lower per month than it is now for the workers with the most expensive health insurance coverage. Only six employees are on that HMO family plan, she said.

Mrs. Talbert said one of her highest priorities for next year's budget is to make sure the city pays the full increase in health insurance expenses.

"I just have a very big problem with an employee taking home less today for the same [work] he did last week," the mayor said.

At the same time, she said the system

needs to be fair -- so that employees with more expensive insurance coverage do not, in effect, get a higher "raise" than other employees do.

White said he agrees completely with the concern about employees' total take-home pay, but he said the cost of health insurance is not the city's fault. White suggested the city cover half of the increased employee cost, which he said seems like a good deal -- particularly considering how much people have to pay for insurance if they are not municipal employees.

White also warned the trend of rising insurance costs will continue -- which he said will impose a greater burden on the city each year.

Ms. Moreno said premiums will not

necessarily increase significantly each year, as she said the main factor is total health insurance claims by city employees.

Last year, the city's cost increase was 4 percent, the finance director said. The big increase in premiums for the upcoming year, she said, is tied to claims -- which Ms. Moreno said more than doubled over the past year.

On the other hand, Human Resources Director Christina Marez noted an increase in employees' use of preventive health services -- which she said is good.

Ms. Moreno said she is very grateful for the insurance benefits the city offers, but she and other department heads said they are concerned about morale -- especially for lower-paid workers -- if employees' take-home pay drops because of premium increases.

Brown, the public works director, said employee benefits are key to attracting people to work for the city.

"People come to work here for the benefits," he said. "They don't work here to get rich. When you've got the guys making \$1,200 a month, insurance is a huge deal."

He said the city needs to take good care of its employees.

Since the budget planning meeting earlier this week, the city staff has worked to determine the budgetary effects of the various items the council discussed. The council will meet again Monday at 5:30 p.m. to continue planning the budget for the upcoming fiscal year.

'When you've got the guys making \$1,200 a month, insurance is a huge deal.'

**Public Works Director
Shane Brown**

After another communication outage, officials search for solution

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access area, near other utilities.

Although the 911 system enables emergency calls to be rerouted through other departments, police officials at Thursday's meeting pointed out that local residents without cell phone service would not be able to make a call to request assistance.

Police Communication Supervisor Kelli Sanguinet said she did a test call to 911 Wednesday, and the call was not able to go through.

Assistant Police Chief Jody Cummings said he is concerned that "eventually the odds will catch us," and a person's life could be threatened if he or she is unable to make a 911 call in

an emergency.

Rollins Brook Community Hospital Supervisor of Facilities and Housekeeping Stan Elkins said operations at the hospital have been affected significantly by the outages.

"Even the lab equipment's down," Elkins said.

The hospital has maintained emergency communications with the fire department via radio, however Elkins echoed Cummings' warning that in an emergency, disrupted service could be extremely serious.

"You lose a life or two, and that'll be a whole different point," he said.

Business officials at Thursday's meeting discussed the economic

impact of the outages.

Although no official figure was calculated, business owner and former mayor Christian Toups estimated the total cost to businesses would be in the hundreds of thousands.

Shane Jones, chief financial officer of the Lampasas Independent School District, emphasized the need for a redundant system in case of future outages.

CTCOG Division Director Carter Maria Thompson also attended the meeting, and said she would look into a strategic plan and request emergency funds to address the problem.

No immediate action was taken, and city officials are likely to discuss the issue in upcoming meetings.



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