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Dear Client:

If what you pay the City of Austin in service charges, fees, taxes, etc. are important to you, get ready for a double-whammy playing out right now that could see increases in all those areas.

Whammy #1: **the proposed new FY2012 City of Austin budget.** Whammy #2: **Austin Energy's proposed increases in base utility rates.** If these two "whammies" are adopted as proposed, your personal and business financial obligations to the City of Austin will increase in many areas.

Let's look at Whammy #1. During these times when so many governmental budgets at all levels are being sliced dramatically, **Austin taxpayers and service users are facing proposed increases**, amid some expanded services in the City Manager's proposed budget.

For instance, **the property tax rate would increase to 48.23 cents per \$100 property valuation.** If approved, the tax bill for the projected median-priced home is estimated to be \$879 per year.

Another example: The Austin Water Utility is proposing increases that would mean **residential customers would pay an additional \$8.33 on average each month.** That's not all. Solid waste services will increase its fee for the 96-gallon trash cart (the largest cart) by \$3 per month to \$22.20.

On the increased expenditure side, City Manager **Marc Ott** is recommending a **2% wage increase for most City employees and a 3% increase for uniformed police, fire, and EMS personnel.** His budget also calls for an additional 49 police officers and 18 Emergency Medical Services personnel.

Ott's budget also includes cost savings through service adjustments. As an example, he is proposing to reducing operating hours at the John Henry Faulk Central Library and closing a couple of city swimming pools September through March to save heating costs.

Public hearings have been held on the proposed budget and it is **set for approval September 12-15.** The approved budget would go into effect at the beginning of the city's fiscal year, October 1st. Whammy #2 is a proposed massive increase in electric rates. See the next item.

Whammy #2 that will slam your bank account is a proposed 13% average increase in your utility rates. And the Austin Energy plan has an interesting link to the city budget.

Even as you are receiving record electricity bills this summer due to the unrelenting heat, Austin Energy (AE) is proposing **rate increases for all customer classes** that, if adopted by the Austin City Council, would hit you in early 2012. We've reported on this in previous issues, so it should not be a surprise. However, that doesn't lessen the impact when it occurs.

For instance, AE proposes to *increase the average residential electric bill* by about \$10 to \$20 per month. The utility is presenting **four residential rate design options**, so the amounts will differ and, obviously relate to your current monthly usage of electricity.

Commercial and industrial rates will also be changed. These customers will be consolidated into seven classes. Customer charges and "Electricity Delivery" charges will be added. There are other proposals to increase revenue for AE.

These proposed changes are quite complicated and contain too much detail to examine here. But you can find the Rate Analysis and Recommendations Report, the four residential rate design options, the commercial rate design, the schedule of public meetings and background on prior public meetings at www.rates.AustinEnergy.com.

The Austin City Council will hold public meetings to further discuss and receive comments in November and December, prior to a planned 2012 implementation. **But the train is leaving the station and gaining steam, so you would be well advised to move sooner rather than later, if you are so inclined.**

Now, while these Double Whammies are separate and **moving forward on their individual tracks toward adoption**, there is an interesting fact about which you should be aware.

Whammy #2 **Austin Energy makes the argument that base electric rates have not increased since 1994** and that materials and operational expenditures have grown during that time. Whammy #1 **City of Austin is proposing to raise property taxes and fees** to get more revenue for a growing city.

But when you put the two Whammies side-by-side, you find **the City of Austin is proposing to siphon \$103 million next year from Austin Energy (up \$2 million) to put into the city's General Fund – reducing AE's revenue stream.**

The transfer of funds from Austin Energy to the City's General Revenue Fund is nothing new. The city has done this for years. **But now, after 17 years, AE says it needs more revenue, yet the City is looking to take a larger chunk away.**

Goodbye August! Don't let the door hit you on the way out! And take the unprecedented heat and lack of rain with you! Okay, that said, let's get realistic. What can you expect from the drought in the weeks and months ahead?

No need to continue to hammer that last month was the hottest August and the hottest month ever recorded in the Austin area. Or that August followed June and July where record heat was also recorded. **What is happening to the major source of water for the Central Texas area?**

The Lake Travis pool elevation fell a foot from last week to this week. **The water level stands around 634 feet above mean sea level (msl) this week – thirty feet below its average of 664 feet.** The conservation storage level of the lake is 681 feet msl. And the lake is expected to fall another foot next week.

The Lower Colorado River Authority (LCRA) controls the water flow in the Highland Lakes along the Colorado River. As a result, it continually **forecasts what will happen to the lake levels** through droughts, floods and normal times.

Here's what the LCRA is currently forecasting. **If drought conditions continue, as September heads into October, the level of Lake Travis will drop below 630 feet. After that, the LCRA predicts the level should remain steady – not dipping below 625 feet through the end of the year.** Obviously, as the temps cool, the rate of evaporation diminishes.

Wait a minute. **Isn't September the most active month for tropical storm activity?** So, what if this activity results in rain? (Rain? What's that?)

The LCRA predicts **if there is "normal" rainfall between now and year-end, Lake Travis should rise above 640 feet. And if there are, hold on, "wet" conditions, the Lake Travis could rise past 650 feet as 2012 approaches.** That 650-foot level would get the lake back to where it was at the beginning of June, but still 30 feet below its hoped-for conservation level.

Hurricanes, floods, tornadoes, and earthquakes – such as those that hit the US so far this year – are extreme natural phenomena. Some extreme conditions hit almost without warning. But drought? Drought is different. **Climatologists call drought a "creeping disaster" because its effects are not felt at once.**

This drought is being felt right now in Central Texas and across most of Texas as a whole. And, its effects are not limited to impacting the water supply. **Agriculture suffers. Businesses that rely on water recreation activities are struggling. Property values are hurt** when trees and other landscaping wilt or dry due to the heat and lack of water. And, you almost don't want to say this out loud, but **wildfires can be the most devastating of all** – especially in urban areas. So, **keep your eye on the Gulf of Mexico for any signs of tropical storm activity.**

A true Austin treasure died this week. Austin-born Cactus Pryor, 88, kept Austin laughing for almost 70 years. And his talents went beyond the joy he brought to tens of thousands.

Allow me some personal reminiscences from a friendship with Cactus that spanned 55 years. And, in keeping with his approach to life – “**don’t take me, or anyone, seriously**” – let’s share a few humorous vignettes about this extraordinarily talented individual. His skill as an emcee was unmatched. He roasted the high and the mighty with original and timely material.

While roasting megastar **John Wayne**, Wayne was slapping his thigh, pounding the table and throwing his head back in boisterous laughter. **Wayne backed up his response to Cactus (“You’re the funniest sumbitch I ever heard”) by casting Cactus in his next two movies, “Green Berets” and “Hellfighters,”** and also asking Cactus to re-write the scripts by adding humor to the screenplay.

When **Carol Burnett** remarked that she liked bald men (without knowing Cactus was bald), Cactus got an impish grin on his face, reached up, removed his hairpiece and leaned over for Burnett to kiss him on his bald head.

You could never get the best of Cactus. After his noon TV show featuring six beauty queens, he took the girls to lunch at the private Headliners Club. I handed a note to the waiter to give to the girls that read “**Watch out for Cactus. He’s a dirty old man.**” I thought I really pulled a fast one on Cactus – until my Headliners bill arrived at the end of the month and **noticed I had paid for the 7-person lunch because he signed my name to his lunch tab with the beauties!**

Cactus entertained heads of state, mostly at the LBJ Ranch, because he was LBJ’s favorite emcee. He was a great writer and chronicler of Austin’s cultural history. He’ll be missed.

Dr. Louis Overholster’s favorite Cactus Pryor story occurred when Cactus asked country-music-loving football coach **Darrell Royal** to stand while Cactus thanked him for donating blood when Cactus was in the hospital. Then, after the applause died down, Cactus said: “Funny thing. After getting Darrell’s blood, all I want to do is listen to **Willie Nelson** and bang **Dolly Parton!**”

Sincerely



Editor/Publisher