

SUBMITTED BY: Luis Pedroza, Deputy City Manager/City Treasurer

MANAGEMENT TEAM REVIEW: Ana Urquijo, City Manager

FOCUS AREA: Advanced Infrastructure Development and Improvement

ORGANIZATIONAL IMPROVEMENTS: EnterTextHere

SUBJECT: **SECOND READING OF ORDINANCE NO. 23-1173**, an Ordinance of the Mayor and Council of the City of Douglas, Cochise County, Arizona, **AUTHORIZING the PURCHASE of REAL PROPERTY** located at **2017 ROGERS AVENUE**, Douglas, Arizona at a purchase price of **\$560,000**; Approving the Purchase and Sale Agreement and Escrow Instructions with the University of Arizona Board of Regents; Authorizing the Mayor and City Manager to Execute all necessary documents; establishing severability of components of ordinance; and establishing an effective date thereof.

EXECUTIVE SUMMARY:

Per direction by Mayor and Council, staff presents a purchase agreement for the animal shelter facility located at 2017 Rogers Avenue from the University of Arizona.

BACKGROUND:

At the Council Meeting of December 13, 2023, Mayor and Council approved the first reading of Ordinance 23-1173 with a fiscal impact revision changing \$260,000 from a lease purchase arrangement to utilization of existing Capital Project funding set aside for the downtown. The change is reflected in the fiscal impact section below. To clarify, as the downtown project moves forward, the need to request matching funds or additional funds may be brought back to the Mayor and Council for consideration; it is unclear if that need will occur in this current fiscal year.

The Humane Division has been operating at the animal shelter at 2017 Rogers Avenue since 2007. In 2015, the University of Arizona purchased the facility from Dr. Ames with plans to bring a veterinary program to Douglas and collaborate with the Animal Control division for its educational program. The University of Arizona struggled to get the program going in Douglas citing that inability to recruit qualified faculty to the program. In conversations with the University, they have stated that they currently do not plan to continue to pursue the program.

The city currently leases the space from the U of A for \$3,121.80 per month. The facility needs upgrades and expansion for animal cages and other facility uses. The building is split in two sections, one section housing the animal control division and the other section housed the U of A facilities to include a veterinarian table and other office and vacant rooms.

Staff propose the purchase of the facility from the U of A to allow for the expansion of its animal control operations and to perform much needed upgrades for better care of the animal population in Douglas. The city budgeted \$300,000 this fiscal year towards a new or improved facility. The U of A's appraised and proposed purchase price for the building is \$560,000. The difference from the total is \$260,000 that the city will seek financing through a future short-term loan. The city will use the annual savings of \$37,461.60 paid towards rent to pay the annual debt service.

Having control of the facility, extra space and already equipped facilities will not only allow for growth of its animal shelter, but it will also allow for partnerships with veterinarian clinics where the city could provide a space to host spay/neuter or vaccination clinics that are much needed in the community. It can also partner with other agencies to provide other pet services.

The U of A has appraised the building and also is able to do a sole source sale without a public bid due to the city renting from them for several years as well as the public benefit of its operations. Staff recommend the purchase of the building from the University of Arizona for \$560,000.00. The city will use GF reserves to initially fund the \$260,000 and once loan proceeds are received, it will reimburse the GF reserve account.

DISCUSSION:

The purchase agreement proposes the terms of the purchase for this facility from the University of Arizona. Staff recommends approval.

FISCAL IMPACT:

\$560,000 total purchase price, \$300,000 from Capital Projects Fund/ Animal Shelter line item and \$260,000 from the Capital Projects Fund/Downtown line item. As a result of the purchase, the lease will be terminated and provide an annual savings of \$37,461.60.

Fiscal Year: 2023/2024

Amount Requested:

Budgeted: Y / N

Account (s):

“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE SECOND READING OF ORDINANCE NO. 23-1173 BY NUMBER AND TITLE ONLY.”