



**Mayor & Council and Finance Committee
Joint Session FY 25/26 Budget
Presentation**

May 28, 2025



GG Cash Balance \$20,347,909

Restricted Cash

Alex Black Fund	159,790
Capital projects from fund balance	2,898,892
PSPRS Bond Reserve	3,328,721
Police Savings for Trainees	105,714
Court Fines Officer Equip.	25,361
Police forfeiture funds	121,816
Golf Improvements (RLP Apts sale)	857,694
Pending Grant matches FY24/25	670,750
Transfer to HURF FY24/25	700,000
45-day operating reserve (policy)	2,376,843
Emergency capital reserve (policy)	2,181,150
Debt reserve (policy)	3,261,097
Total Restricted	\$16,687,828

Fund Balance 05/19/25

**FUND BALANCE
AFTER RESTRICTIONS: \$3,660,081**

**FUND BALANCE AFTER 2.5M
FLOOR \$1,160,082**



FY 25/26 Overview

Sales Tax is 0.4% or \$30,652 Above Budget Projections as of March 2025

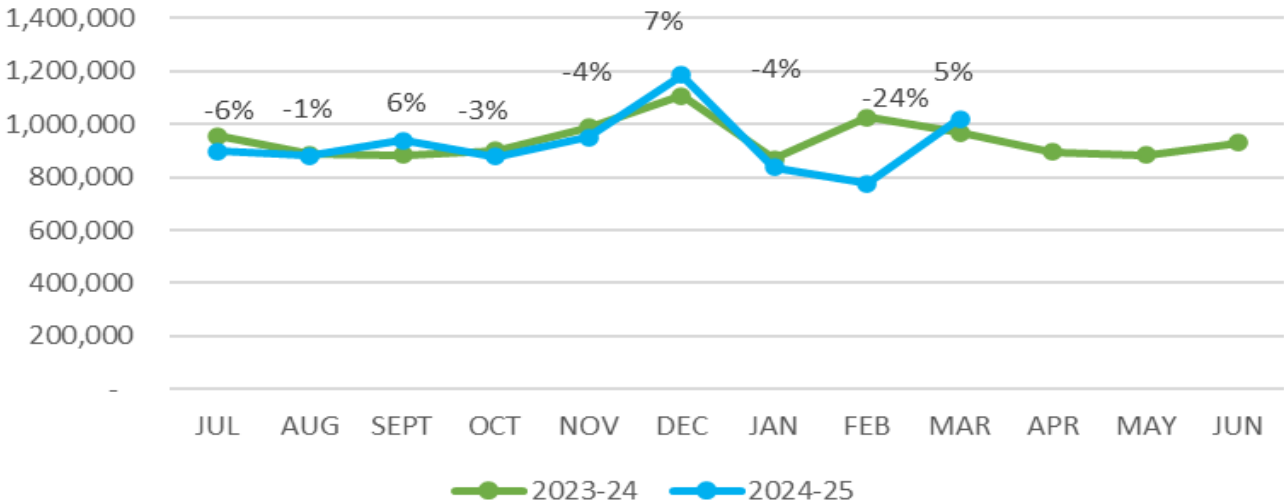
Sales Tax is 2.5% or \$214,971 below from Last Year's Actual Collections as of March 2025

YTD Expenditures are 17% below projections

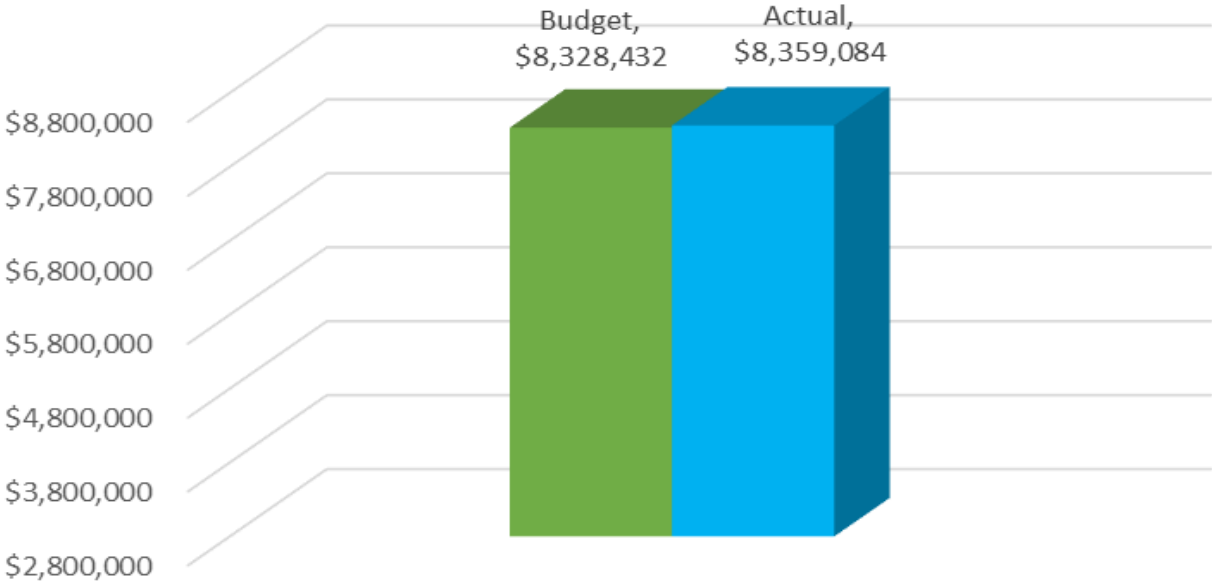
Projecting a **1.6 Million Surplus** for FY 24-25



Sales Tax Collections Comparison
FY 23/24 & FY 24/25



FY 24/25 Budget to Actual



General Fund

FUNDS:

General Fund, Airport, Golf Course

FUNCTION:

Public Safety, Public Works, Parks and Rec, Admin, Other.

FUNDING:

Taxes, State Shared Revenue, User Fees, Lic & Permits, Inv

Special Revenue Funds

FUNDS:

HURF, Transit, Rico, Capital Projects, Debt

FUNCTION:

Funds designated by law or for specific use

FUNDING:

Gas Tax, Grants, Rico Seizures, Capital & Debt

Enterprise Funds

FUNDS:

Water, Sewer, Sanitation

FUNCTION:

Business-type activities that are self-sustaining through operational revenue

FUNDING:

User Revenue

Internal Service Funds

FUNDS:

Self Funded Insurance

FUNCTION:

Use to charge the cost of individual activities to individual funds

FUNDING:

Charges to individual departments

FY 25/26 GF Revenue

State Shared Revenue

- Sales tax: **\$2,410,518** (\$6,565 over last year-subject to change)
- Income tax **\$3,111,664** (\$214,975 less than last year)
- Vehicle License Tax **\$1,037,134** (\$37,761 more than last year-subject to change)

Local Sales Tax

- 11,000,000 (\$40,851 **more** than last year)

Sale of Real Property

- Property surrounding airport- Phased transaction
- This year expected to yield \$247,000 to be used for Airport Improvements

Other Revenue

- Investment Earnings \$600,000, a decrease over last year of \$400K
- Ambulance revenue: \$100,000 less than last year



FY 25/26 GF Revenue - Continued

Grant Reimbursements (New Grants)

- \$35,739,868 in awarded grants, \$2,345,935 for applied for grants and \$22,600,910 in pending submitted grants
- \$5,640,754 included as matching across all funds and \$1,478,941 in GF

Among key grants:

- \$5.875M RAISE grant commercial routes – projecting 25% of \$23.5M award to be spent in FY26
- \$2M for POE Connector Rd – Projected use for ROW acquisition in FY26 from total \$8.17M awarded
- \$26.9M awarded and applied for West Extension Utilities – ARPA, NADBank, WIFA, Army Corp, EPA
- \$ 11.4M Congressional Directed Spending - 6 projects



FY 25/26 Major & Notable Changes in O&M

Changes in Expenditures

Overall general fund expenditure shows a decrease of 9.6%.

- Due to decrease in transfers to capital projects and HURF
- Reduction to demo and historic preservation line items by \$150,000
- Debt retirement of Police CAD decrease of \$115,066
- Reduced reserve line item amount by \$39,004
- Most departments experienced an average increase of 6.5%
- Court Co-Location Agreement increased costs by \$26,671 or 12%
- Transit subsidy - \$180,723
- Other Major Expense Increases
 - Increased O&M in Recreation for more special events \$156,087
 - Increases O&M in the Animal Shelter by \$140,089

FY 25/26 General Funds Highlights

FY 25/26 GF Highlights

\$1000 ONE TIME BONUS

• All Employees

Minimum Wage Expected to Increase in January 2026

- Vote to raise all City employees for the last 12 months to set new minimum wage
- Issuing of April City at least a 3-5% increase is expected which translates to \$14.00 - \$15.00



FY 25/26 GF Highlights

Classification Maintenance Reviews

- Does not include a comprehensive market increase
- Address Firefighter Classification - \$27,360 per

Cost of Living Adjustment

- Does not include a COLA for this FY



FY 25/26 GF Highlights - Continued

Staffing

- 1 Limited Status (LS) position that was funded for 1/2 the year for FY 24/25 - \$26,000 in fund for the full year
- Adding \$123,000 in other limited status positions
- 1 - Full-time Animal Shelter Coordinator
- 2 - Part-time Animal Shelter Aides
- 1 - 10hr per week Building Specialist
- Reversed the Temporary Appointment Rules



Current Year FY 24/25 Capital Projects



Capital Budget Detail



FY 25/26 GF Highlights - Continued

Health Insurance

- Self-Funded Insurance for 22 Years - Built \$1.4M in reserve
- Use of Reserve for Unexpected Additional increases and/or High Claims
- This Budget includes a 5% increase for health insurance premiums to the employees. The performance of the self-insurance fund remains strong and allows other to remain about flat for the new fiscal year
- Employee only \$600.00 (all covered by the City)
- Family coverage \$1025.00 (\$400.00 employee contribution, \$1200.00 by the City)



FY 25/26 GF Highlights

Classification Maintenance Reviews

- ☐ Does not include a comprehensive market increase
- ☐ Addresses Firefighter Classification - \$37,560 cost

Cost of Living Adjustment

- Does not include a COLA for this FY

FY 25/26 GF Highlights

\$1000 ONE TIME BONUS

- GF \$209,000

Minimum Wage Expected to Increase in January 2026

- State looks at CPI in August for the last 12 months to set new minimum wage
- Looking at April CPI at least a 1-2% increase is expected which translates to \$14.90 - \$15.00

FY 25/26 GF Highlights - Continued

•Staffing

- 1 Limited Status (LS) position that was funded for ½ the year for FY 24/25 - \$28,000 to fund for the full year.
- Adding \$123,000 in other limited status positions
 - 1 - Full time Animal Shelter Coordinator
 - 2 - Part-time Animal Shelter Aides
 - 1 - 10hr per week Building Specialist
- Removed the Temporary Annexation Aides

FY 25/26 GF Highlights - Continued

•Health Insurance

- Self-Funded Insurance for 12 Years – Built \$1.4M in reserve
- Use of Reserve for Unexpected Additional Increases and/or High Claims
- This budget includes a 0% increase for health insurance premiums to the employee. The performance of the self-insurance fund remains strong and allows rates to remain almost flat for the new fiscal year:
 - Employee only \$650.00 (all covered by the City)
 - Family coverage \$1535.00 (\$485.00 employee contribution, \$1050.00 by the City)

Current Year FY 24/25 Capital Projects



Capital Budget Detail



FY 25/26 Enterprise Funds Highlights

FY 25/26 Enterprise Funds Highlights WATER

Revenue

- Projecting \$31,140 decrease mostly due to expected reductions in second bond savings

Capital

- Decreased use of Fund Balance
- Debt (1st Refunding)
- Revenue Bond
- 20-year pump purchase
- Expansion Pump System
- Expansion Pump for Stage

\$1,000,000

\$1,000,000

\$1,000,000

\$1,000,000

\$1,000,000



FY 25/26 Enterprise Funds Highlights Water - Continued

Fund Balance Recommendations (continued)

- 1st Refunding (1st Refunding) - \$1,000,000
- 2nd Refunding (2nd Refunding) - \$1,000,000
- 3rd Refunding (3rd Refunding) - \$1,000,000
- 4th Refunding (4th Refunding) - \$1,000,000
- 5th Refunding (5th Refunding) - \$1,000,000
- 6th Refunding (6th Refunding) - \$1,000,000
- 7th Refunding (7th Refunding) - \$1,000,000
- 8th Refunding (8th Refunding) - \$1,000,000
- 9th Refunding (9th Refunding) - \$1,000,000
- 10th Refunding (10th Refunding) - \$1,000,000

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FY 25/26 Enterprise Funds Highlights Water - Continued

Part of Entry Related Grants

- Budgeted \$5 million out of a total of \$10 million received from State and County WPA funds and \$5 million from the WPA funds for water/sewer design and construction of 1000 feet of water main to be installed by 2025
- \$100,000 from the WPA funds for water/sewer design

Other Grant Requests

- \$1,700,000 from the WPA funds for water/sewer design (2025)
- \$1,700,000 from the WPA funds for water/sewer design (2025)
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FY 25/26 Enterprise Funds Highlights SEWER

Revenue

- Projecting \$1,000,000 increase due to second bond savings

Capital

- \$1,000,000 from the WPA funds for water/sewer design (2025)
- \$1,000,000 from the WPA funds for water/sewer design (2025)
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FY 25/26 Enterprise Funds Highlights Sanitation

Capital

- \$1,000,000 from the WPA funds for water/sewer design (2025)
- \$1,000,000 from the WPA funds for water/sewer design (2025)

Other Initiatives

- A study for the WPA funds will be conducted to provide water to the city of Douglas and the city of Douglas
- A study for the WPA funds will be conducted to provide water to the city of Douglas and the city of Douglas



FY 25/26 Enterprise Funds Highlights

WATER

•Revenue

- Projecting \$21,362 decrease mostly due to expected reduction in investment earnings

Capital

- Recommend use of Fund Balance
- Well 14 Rehab/Treatment \$192,717
- Reservoir Roof \$450,000
- 2 booster pump generators \$180,000
- Automatic Flush System \$50,000
- Booster Pumps for Alegre \$30,000

FY 25/26 Enterprise Funds Highlights

Water - Continued

•Fund Balance Recommendations (continued)

- | | |
|--|-----------|
| • 16" Geronimo Trail Transmission Line (Grant Match) | \$272,250 |
| • Vac Machine for Potholing and digging (50%) | \$72,500 |
| • Spare Turbine Motors for 2 wells | \$60,000 |
| • Remote Disconnect Meters (200) | \$94,000 |
| • Valve Replacement | \$45,000 |
| • PW Barn Expansion – Land Purchase (20%) | \$14,000 |
| • POE Well (Grant Match) | \$543,750 |



FY 25/26 Enterprise Funds Highlights

Water - Continued

•Port of Entry Related Grants:

- Budgeted \$6 million out of a total of \$8.9 million awarded from State and County ARPA funds and WIFA WSDRF funds for water/sewer design and construction of SR-80 section slated to begin Fall 2025
- \$250,000 from NADBank to finish final design

Other Grant Requests

- \$1,737,101 from USDA for Well 14 rehabilitation (if awarded)
- \$555,500 forgivable principal grant from WIFA for Well 18 (Loan is \$1,444,500)
- \$2,130,786 from WIFA Water Conservation grant and EPA CDS grant for a new water SCADA system
- \$813,750 award from the WIFA Rural WSDRF Fund grant for Geronimo Trail Transmission line
- \$2.175M Army Corps for well for West Expansion



FY 25/26 Enterprise Funds Highlights

SEWER

•Revenue

- Projecting \$29,263 decrease due to decrease in inv earnings.

Capital

- \$133,145 from operating revenue will fund: portable camera, concrete for new bldg, part of belt press doors and part of effluent study match. Rest funded by fund balance.
- 20th and 23rd Street Sewer - \$500,000
- 9th Street Sewer (Investor Partnership) - \$200,399
- Belt Press Roll-Up Doors (Half) - \$17,456
- Vac Machine for Potholing and digging (50%) - \$72,500
- PW Barn Expansion – Land Purchase (20%) - \$14,000
- Vac Truck (Carryover) - \$535,000



FY 25/26 Enterprise Funds Highlights

Sewer - continued

Grants

- \$7.6M of the \$8.9 million State ARPA water/sewer grant to go towards the sewer design and construction of West Expansion along SR-80
- \$359,756 request through NADBank PDAP for WWTP Flood mitigation design grant

FY 25/26 Enterprise Funds Highlights

Sanitation

Capital

- 96 & 300 Gallon Cans \$25,000
- PW Barn Expansion – Land Purchase (20%) \$14,000

Other Initiatives

- A rate study for Sanitation will be initiated and carried over to study rates that have not been updated since 2011
- Continue and Explore recycle/reuse Programs

FY 25/26 Special Revenue Funds Highlights

FY 25/26 Special Revenue Funds Highlights

HURF

Asphalt Plant Equipment

- FY 25 Purchase: \$280,000 equipment, asphalt loader, roller, stripping machine and paver
- FY 26 Purchase: Remaining Asphalt Plant amount of \$2,400, site prep costs, asphalt truck bed and digital message board



FY 25/26 Special Revenue Funds Highlights

HURF- Asphalt plant

- New asphalt plant financing completed. Expected delivery date of August 2024
- New asphalt plant will increase production capacity and make available asphalt for city projects as well as for use by other utilities

Capital requests FY26

- Request approved for transfer from FY 25 to FY26: 2,000,000
- Request approved for transfer from FY 25 to FY26: 500,000



FY 25/26 Special Revenue Funds Highlights

Golf Course

Highlights

- \$465,000 approved for improvements to the golf course
- \$470,000 approved for improvements to the golf course
- Increasing funds of \$170,000 to be used for the golf course improvements
- General fund liability with a 10% increase of \$1,000,000 to be used for the golf course improvements



FY 25/26 Special Revenue Funds Highlights

Airport

Revenue

- Sale of land around the Airport Phase 1 (2023)
- Increased to go back to airport improvements

Highlights

- Selling bonds to the Airport for \$1,000,000 in 2023
- Closed by National Park Service to improve the airport
- \$100,000 approved for the Airport for \$1,000,000 in 2023



FY 25/26 Special Revenue Funds Highlights

Transit

Revenue

- The Transit capital expenditure plan of \$1,000,000, which was approved in 2023
- The Transit capital expenditure plan of \$1,000,000, which was approved in 2023
- Applying for the Transit Board for funding for the Transit

Highlights

- The Transit capital expenditure plan of \$1,000,000, which was approved in 2023
- The Transit capital expenditure plan of \$1,000,000, which was approved in 2023
- The Transit capital expenditure plan of \$1,000,000, which was approved in 2023



FY 25/26 Special Revenue Funds Highlights

•HURF- Asphalt plant

- New asphalt plant financing completed. Expected delivery date of August 2025
- The new plant will increase production capacity and make available asphalt for City projects as well as for resale to other entities

Capital requests FY26

- | | |
|---|-----------|
| • Streets improvements (transfer from GF from FY25) | \$700,000 |
| • Striper machine flat bed truck | \$80,000 |

FY 25/26 Special Revenue Funds Highlights

HURF

•Asphalt Plan Loan Equipment

- FY 25 Purchases: \$1M downpayment, zipper, loader, roller, stripping machine and fogger
- FY 26 Purchases: Remaining Asphalt Plant amount of \$2.4M, site prep costs, dump truck bed and digital message board



FY 25/26 Special Revenue Funds Highlights

Golf Course

Highlights

- \$957,108 carryover from apartments sale proceeds to fund improvements
- \$678,063 of those proceeds are committed to the back 9 irrigation design and improvements
- General Fund subsidy with slight increase of \$2,287, projecting higher revenue due to improved conditions in the back 9 expected in the new year



FY 25/26 Special Revenue Funds Highlights

Airport

•Revenue

- Sale of Land around the Airport Phase I: \$247,194
- Proceeds to go back to Airport Improvements

Highlights

- Saving America's Treasurers Grant of \$750,000 underway
 - Cleared by National Parks Service to commence architectural assessment of Large Hangar
- \$400,000 ADOT Grant for Perimeter Fencing (Ph III) and revised ALP. ALP finished, \$300k remaining for fencing. Currently in design.



FY 25/26 Special Revenue Funds Highlights

Transit

Grants

- Reduction in capital expense this year of \$183,763, only one 14 passenger bus requested . Last year 42 passenger bus requested
- FTA Grant, therefore reduced by \$152,955
- Applying for Freeport Grant for Cochise Connection

Highlights

- Projecting less revenue from transit fares at \$30K per history. Last year \$55K.
- This budget contains a subsidy from the General Fund of \$180,723, less than last year by \$36,106.
- Subsidy slightly came down as a result of only needing match for a smaller bus
- Requested a transit route study for finding efficiencies
- Working with ADOT on Transit Facility that includes new bus shelters at the PW barn

FY 25/26 Outside Funding Requests

Organization	Amount Requested	Purpose
Rotary Club	\$ 2,000	Fly-In Sponsorship/Support
Apacheria Gravel Race	\$ 2,500	Bike race event
University South Foundation	\$ 2,000	Scholarships
DARC/Douglas Senior Citizens	\$ 1,800	Art and craft supplies, bingo prizes
Douglas DARC	\$15,000	Fuel and utilities for meals on wheels program
Mid-Year Requests	\$ 6,700	TBD
TOTAL	\$30,000	

Pending

- **Liability Insurance**
- **Final State Shared Revenue Numbers**



Next Steps

- **May 29, 2025 Distribution of budget sheets (Electronic or Print)**
- **June 4, 2025 Finance Committee Meeting & Recommendation**
- **June 5, 2025 Mayor & Council Work Session – 2nd Review**
- **June 11, 2025 Tentative Budget Adoption**
- **July 9, 2025 Final Budget Adoption**



Thank you!

Questions and Discussion

