

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

MANAGEMENT TEAM REVIEW: Ana Urquijo, City Manager

FOCUS AREA: Other / NA

**ORGANIZATIONAL
IMPROVEMENTS:** EnterTextHere

SUBJECT: **RESOLUTION NO. 22-1509**, a Resolution of the Mayor and Council of the City of Douglas, Cochise County, Arizona, **ADOPTING** the City of Douglas **Final Operating Budget** for Fiscal Year 2022/2023.

EXECUTIVE SUMMARY:

The final budget adoption for FY 2022/2023 is \$59,938,892.

BACKGROUND:

The draft budget was presented to the Mayor and Council during the Council meeting on June 8, 2022. The Council adopted a tentative budget via Resolution No. 22-1506. By adopting the tentative budget, Council established a maximum expenditure limit. For the final adoption, the Council may decrease or move funding from one line item to another within the same fund, but expenditures cannot be increased.

The consolidated budget includes the following items:

- 2% COLA for non-minimum wage employees - \$152,285
- Funding Year 1 of 3 Market Salaries Model in an effort to catch employees to market - \$336,000
- New staffing of 3 FT limited, 1 PT limited and recreation and visitor center aides - \$256,112
- City to cover increases to employee health insurance and having them pay same as last year - \$19,926
- Funding Police Trainees and Community Service Officers from police savings carryover - \$255,000
- Utilize Fund balance to catch up on capital projects - \$1.8 million
- Total General Government Capital - \$5.2 million
- Redistribution of ARPA funding to meet Vision 2032 Priorities - \$1.3 million
- Utilization of water fund balance for a well rehab and other water projects - \$1.3 million
- Total water related grants: \$8.65 million
- Streets capital and streets chip seal program: \$545,000
- Streets Capital carryover: \$890,000
- Include possible sale of La Perilla Apartments with proceeds for golf capital - \$1M
- Considering Transfer of Public Housing Authority to Cochise County operations
- Outside Funding requests: \$20,750

Changes that are recommended as part of the final budget that were not part of the tentative budget:

- Increase in the Judge's annual salary from \$16,727 to \$30,000 as enacted by Mayor and Council's recent approval of the Judge's contract. Additional fiscal impact of \$13,273 increases the Court's contractual services line item and recommend reduction from the Vision 2032 Policy Priorities line item.
- The state provided final state shared revenue calculations which decreased by \$43,553 in state shared sales tax and \$58,664 in state shared income taxes for a total revenue reduction of \$102,217. The reduction in revenue will be offset by a reduction in the Vision 2032 Policy Priorities line item.
- As a result of the decrease in state shared revenue of \$102,217 our expenditure ceiling dropped from the tentative adoption of \$60,041,109 to \$59,938,892.

After these two changes the Vision 2032 Policy Priorities line item is budgeted at \$379,928.

DISCUSSION:

Staff recommends approval of the Final FY 2022/2023 budget as presented.

FISCAL IMPACT:

None

Fiscal Year: 2022/2023

Amount Requested:

Budgeted: Y / N

Account (s):

“... I move that the Mayor and Council approve Resolution No. 22-1509.”