

To: Honorable Mayor Huish and Council Members
Finance Committee Members

From: Ana Urquijo, ICMA-CM 
City Manager

Date: May 20, 2022

Subject: FY 22-23 Recommended Budget

I respectfully submit the City Manager's recommended FY 22-23 Operating and Capital Budget. A budget philosophy of Sustainability, Efficiency, and Alignment was used this year to prioritize needs and outline core strategies. Additionally, this budget process focused on re-establishing an organizational profile to bring to the forefront the mission of the organization, accentuate organizational values and memorialize Mayor and Council vision to a vibrant future, which has been established as Douglas Vision 2032. A graphic of the proposed organizational profile is provided as **Attachment 1**.

Budget Philosophy

- Sustainability – This looks at requests or programs from a perspective of long-term viability and the ability to match with ongoing revenue sources to maintain funding needs without negative consequence. Often, one-time revenue strategies were used to maintain a secure position with a continued look toward sustainability. Use of one-time revenue strategies can allow for future solidification to a more permanent revenue source as a sustainable position becomes more certain.
- Efficiency – The focus here is to examine the ability to reduce waste in time, effort, and materials as much as possible and still produce a high or higher quality result or service. Streamlining of redundant processes is a key factor in this continued approach toward improved municipal operations, of which tracking and establishing key metrics is a key component.
- Alignment - Alignment with the Council's priorities of Economy/Jobs/Amenities, Downtown Revitalization, Managing Growth and Annexations, Streets & Roads, Community Facilities/Tourism/Special Events, and Infrastructure.

This memorandum will outline the following: Fund Balance Overview; FY 21-22 Overview; FY 22-23 General Fund (GF) Summary & Highlights, GF Highlight Details, FY 22-23 Other Funds Summaries & Highlights, and Other Highlights.

Fund Balance Overview

The current cash balance for the City of Douglas is \$17,560,670. Restricted from this cash balance is the Alex Black fund of \$145,366; FY 20/21 Capital Carryover of \$641,771; ARPA funds of \$1,095,141; Police vacancy savings of \$255,000 for trainee pilot program; PSPRS reserve of \$4,000,000; Unspent Capital Lease Proceeds of \$65,329; 45-day operating reserve of \$1,653,678; capital reserve of \$1,627,258; and debt reserve of \$3,774,078. The unrestricted fund balance that remains is \$4,303,049.

The fund balance review shown above shows progressive work and leadership of our Mayor and Council in approving fiscal policy over the years and staff's follow through on stringent application of established goals. The current fiscal policy establishes goals to fund the 45-day operating reserve, capital reserve and debt reserve. Anything in excess is unrestricted which can be used to fund one-time capital projects or early debt retirement. The unrestricted reserve, currently at \$4,303,049, can be another goal in our financial policy to never reach below \$2.5 million. This amount is recommended to continue to have the ability to fund future capital projects and setting the goal to make this a revolving fund for capital project funding. This allows the Mayor and Council to either pursue continued strategies for investment into the future or make changes along the way to build upon the unrestricted fund balance.

FY 21-22 Overview

Despite the uncertainty brought by the partially closed port of entry, closure of a local grocery store and as the community recovered from the pandemic's impact to the local economy, the current fiscal year budget is anticipated to end in a surplus position. Lean expenditures across most funds throughout the fiscal year, vacancy savings from several departments and sales tax still exceeding budget projections, were the primary drivers to ending strong. Projected revenues exceeded projections by 8% due primarily to local sales taxes and state shared revenues exceeding conservative projections. Revenues overall remained higher than actual expenditures in the General Fund, with an anticipated surplus of \$2.5 million. This number excludes American Rescue Plan Act (ARPA) funding.

The full ARPA funds allocation was earmarked for various capital projects for the current fiscal year accounting for \$4,385,561. To date, we have received the first tranche of ARPA of \$2,192,781. For multiple reasons, many projects have not been addressed, leaving a balance of \$1,095,141 of remaining ARPA funds, as shown in the Fund Balance Overview above. Keep in mind that the second tranche of ARPA funds is expected sometime this year and will be incorporated into the FY 22-23 budget overview.



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FY 22-23 General Fund (GF) Summary and Highlights

A balanced budget recommendation for FY 22-23 is contained in this memorandum and in the upcoming presentation of May 23, 2022.

FY 22-23 GF Revenues

While projections for all revenue sources remain conservative, the following highlights some of the key revenue sources to note for the upcoming fiscal year.

- State Taxes (Voter Approved) - State Shared Revenue is anticipated to exceed last year's distribution by \$1.8 million. This is due to an overall growing economy in Arizona but mostly to an increase in state income tax revenue sharing because of COVID tax extensions being shifted further, which increased our distribution this year, but it's expected to come down to normal the following year. This budget represents a cautious approach to incorporate one-time solutions to many needs and refraining from a recurring commitment at this time. Future years could show continued strength in this increased amount, but we must proceed without that expectation.
- Local Sales Tax – Still a conservative strategy, a 5% or \$400,000 increase to local sales tax for this budget is recommended. We are seeing very positive signs including the border reopening and cross border commerce flowing again, new businesses coming in such as 99 Store and Harbor Freight and investor interests in our downtown and the port of entry. A 5% increase is conservative as we see inflation on the rise, disruptions in the national and global supply chains and ensuring budgeting for revenue that is sustainable.
- Sale of Property– Mayor and Council and the Community Housing Corporation directed the selling of the Rancho La Perilla Apartments. If sold, we expect the sale of the apartments to extinguish the HUD loan of \$3.9 million and the excess in sale proceeds expected at \$1 million or more to go towards golf course improvements.
- Grant Reimbursements – We are seeking our standard annual grants and various new grant opportunities offered through new federal spending programs. We are budgeting for these opportunities even though some are in progress and no formal decision has been issued. We are seeking new funding for the following GF city needs:
 - New Grant Requests
 - \$2.5 million from Congressional Directed Spending (CDS) for Downtown Revitalization (Construction)

- \$3.0 million from CDS for Chino Road Extension to Highway 80 and 191 Intersection.
- \$300,000 from AZ State Parks for Historical Preservation Building grant for our Police Department or Airport facilities.
- SMART & Safe Tax – The SMART & Safe Tax is a new state share revenue established by the new law that legalized the sale of recreational marijuana products. The state established an additional 16% tax on the sale of these products and shares 31.4% to local law enforcement and fire departments in the state. The funding is restricted to reasonable costs to enforce and respond to associated marijuana incidents. The funds are not to supplant existing costs instead, they are to supplement personnel costs. The City is projecting \$100,000 in total towards police and fire. We have allocated this year's distribution to fund a portion of the recommended police and fire department salary adjustments outlined in the CMR plan explained further below.

FY 22-23 GF Expenditures

Overall general fund expenditures increased by 5.6% due to varying needs and increased costs in utilities and fuel. The following categories highlight some of the key expenditure increases for the upcoming fiscal year.

- Salaries & Wages
- Benefits
- Capital Budget

GF Highlight Details

The highlights for this budget include a summary of a three-year model to reach market for employee salaries; new staffing requests; a one-time transfer from unrestricted fund balance to catch up capital needs; a redistribution of ARPA funds to focus primarily on Mayor and Council policy priorities; and changes to employee health insurance and related benefits. Detail on these highlights is outlined below.

Three Years to Market Salaries Model

Classification and Compensation in the organization has lagged market wages for many years. Ongoing maintenance of employee salaries is key to recruitment and retention efforts for an organization. Turnover of key positions and the inability to attract new hires due to low salaries is showing a negative impact on very key functional areas, like Finance and Public Works. Current employees struggle to make ends meet when inflation rises, and paychecks remain stagnant over the years. It takes a bold move to act on a plan toward market wages and it is a move that needs to be well planned and sustainable.



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This budget recommendation contains a Classification Maintenance Review (CMR) Plan to achieve market wages across the organization in three years. The estimated cost per year to the General Fund is as follows: FY 22-23 \$336,000; FY 23-24 \$306,000; and FY24-25 \$244,000. The total GF impact over three years is \$886,000, including employee related expenses. It is important to note that funds received through the SMART and Safe Tax explained above, can be applied to CMR costs, and reduce FY 22-23 impact by \$100,000 for an adjusted cost of \$236,000. It has become sustainable revenue and ideal for this purpose. Subsequent years will be positively impacted as well and a cost reduction will be applied accordingly, making cost of total CMR to potentially end up below \$786,000 over the three-year period.

A CMR is a plan that for the City of Douglas renews every three years by scanning comparable markets against key benchmark classifications to see how our salaries fare against comparable positions. The City of Douglas looks at cities with similar population, budget size and median household income to determine our comparators. Currently the comparable cities used to determine market wages are Winslow, Safford, Show Low, Cottonwood, Camp Verde, Chino Valley, Coolidge, Somerton, Eloy, Payson, Nogales, Florence and San Luis. The strategy is that once market levels are reached, each year beyond is focused on maintenance and only requires adjustments for either cost of living or addressing key areas where market shifts occur. When salaries remain without maintenance, it becomes very difficult to catch up. Mayor and Council took an important step in 2019 by addressing classifications severely under market. The plan recommended for the next three years will be cautiously looked at in subsequent fiscal years for a match in sustainable revenue growth. Currently this plan includes appropriate revenue projections to sustain year one of the CMR plan and we remain hopeful to achieve the same in subsequent years. The CMR Plan summary is provided as **Attachment 2**.

This budget recommendation also includes a 2% Cost of Living Adjustment (COLA) across the board for all employees, excluding employees earning minimum wage. Minimum wage is increased by the State every January. The last COLA received by employees was in October 2019.

New Staffing Requests

A total of 19 positions were requested by departments for FY 22-23, which would total a cost to the GF of \$786,589, including employee related expenses. The approach to staffing requests is twofold. First, the focus remains on getting current staff salaries to market levels over the next three years. Secondly, a pursuit of operational efficiencies throughout the organization will continue, primarily in administrative areas, but not exclusively. An approach toward an innovation framework will analyze organizational processes over the next year to better evaluate the need for additional employees. This

is important as the organization continues to seek operational efficiencies which over time may allow redistribution of existing staff to take on cross-functional duties to better support operational needs. In the meantime, positions that are temporary, part-time, limited, or non-permanent status are recommended to add support in areas for special events, tourism, recreation, and other key areas. The cost of added non-permanent staff contained in this budget recommendation is \$214,655. Detail on new staffing requests and recommendations is provided as **Attachment 3**.

Other staffing efforts contained in this budget recommendation is the use of vacancy savings in the Police Department to deliver a pilot program and hire non-permanent Police Trainees and Community Resource Officers. These classifications were recently developed through the approved reorganization. These positions will support both code enforcement areas within the community and most importantly, will work toward training and hopefully sparking new interest in the field of law enforcement for young adults in our community. FY 21-22 vacancy savings in the amount of \$255,000 will be carried over and restricted for this purpose.

Capital Budget Model

The general practice of funding the capital budget each year is more reactive than proactive, due to continued budget constraints. A new concept to infuse added funding to the capital budget is proposed. For FY 22-23, the recommendation is to catch up on most capital requests to get operations to a new level and work on new capital and some remaining capital from this point forward in the form of a 5-year capital plan. There are many capital requests that carry over year after year because funding levels are deficient and there are requests that show up again because of the inability to fund.

It is recommended to approve a one-time transfer from unrestricted fund balance, which has grown to exceed \$4.3 million. The average unrestricted fund balance over the last five years has been \$1.1 million. The Mayor and Council's vision to establish and maintain strong fiscal policy in past years clearly shows a positive impact to a stronger and sustainable future. The recommendation of the one-time transfer is for \$1.8 million to fund capital needs with one-time funding and establish a formula or process to create a regular and sustainable revenue stream for capital needs moving forward. It is recommended to use \$716,600 of the one-time transfer to fund and catch-up capital projects that were previously funded through ARPA as explained in the next section. Also contained in this budget recommendation is already available funding of \$563,978 for FY 22-23 capital. A list of GF capital is provided as **Attachment 4**.

American Rescue Plan Act (ARPA) Redistribution

During the pandemic, the federal government distributed relief funds to cities and towns in the form of the Coronavirus Aid, Relief, and Economic Security Act (CARES) and the American Rescue Plan Act (ARPA). The City of Douglas used CARES funds for public

safety salary costs in response to the pandemic and earmarked funds freed up and ARPA funds for much needed capital needs over a two-year period. To date, a total of \$2,313,931 has been spent on those capital needs and \$3,435,050 remain for continued needs. Upon review of items earmarked for funding, it became clear that capital needs have grown over the years and the use of these funds was instrumental in allowing the organization to catch up. As mentioned in the above section, it is recommended that capital needs be taken care of through a one-time transfer to capital from unrestricted fund balance. This will allow the City of Douglas to showcase the remaining use of ARPA funds as funding used to kickstart the local economy from a big vision perspective. There are a few reasons for this shift in planning.

One thing that resonated with staff was a recent visit to Douglas by the Honorable Senator Mark Kelly. His first ask was how Douglas had used ARPA funds to infuse life back into the economy. To be clear, it is not a requirement that ARPA funding be used for a specific purpose, especially due to being a smaller community. Staff carved out a positive presentation about Mayor and Council's big vision for the future and outlined the capital needs that were being addressed by funding received and how service delivery improvements would directly impact the community as a whole. The Senator's interest in local economy impacts has been a part of why the consideration for the remaining funding be redirected in a new way.

Another occurrence early this year was the creation by Mayor and Council of Douglas Vision 2032, which certainly contains big vision for the future of Douglas with local economy impacts. Mayor Huish, during a visioning retreat in January of this year, stated "It is imperative we have continuity as a council and make our vision happen. It is critical that we embark on the new Port of Entry, as our future hinges on its success. Plan for the future without forgetting where we are right now. Grow in a proper way. Never forget where Douglas started. Keep our family values, they define Douglas. Don't jump into new initiatives unless, we're sure. Analyze things well. We are headed toward unprecedented growth. We need grocery stores, hotels and need successful annexations. Funding will always remain a challenge." Council members also stressed the focus on becoming a destination, improving the image of Douglas, and showcasing our downtown. This retreat produced six policy priorities, which create the framework for big vision and related projects moving forward. The essence of Douglas Vision 2032 is contained in the previously referenced organizational profile and what is also referred to as the vision map, provided as Attachment 1.

The importance of delivering programs that directly impact the local economy is the primary reason for the recommendation in this budget for a redistribution of remaining CARES savings and ARPA funds to align with Douglas Vision 2032 policy priorities and shift the remaining items into the capital budget as previously outlined. The remaining

funds total \$3,435,050, and they are shown as funding set aside for Mayor and Council direction on major projects that will align with their big vision impacts into the community. The use of these funds could be in the form of grant match opportunities for large scale projects, expanded telecommunication efforts, streetscape construction, public-private partnerships for downtown initiatives, economic development strategies and programs, economic development strategic plan, expanded marketing efforts, enhancements to current façade improvement programs for major throughfares, etc.

Health Insurance and Employee Benefits

Employee health insurance has operated under a self-funded structure for the past 10 years. The trust now holds a reserve in excess of \$500,000, after paid claims, which is a very strong position for a small local government. Staff is in the process of establishing a funding model to grow the reserve over time to plan out future improvements to employee benefit models. The ability to carve out specific plan designs without having to be captive to a fully insured structure is a key element and benefit of being self-insured. The industry average increase is trending at about 5%, nationwide. This past year the City's plan experienced a few extremely high claims, which triggered the stop loss insurance on a few occasions. The renewal for the stop-loss carrier included a 51% increase. The City broker of record sought new proposals for a new stop loss carrier and adjusted the structure of the contract on claims paid resulting in an overall increase to health insurance rates of only 7%. The adjustments to the stop loss insurance contract were necessary to avoid having to pay higher stop loss insurance premiums to a carrier, which would have resulted in both the City and employees having to pay for these extremely high initial renewal rates. Instead, the increase will be shifted from guaranteed higher stop loss insurance premiums to the potential of higher claims. In the event claims exceed our budgeted amounts, we will use the self-insurance reserve to pay for them, as that is its primary purpose. This budget recommendation contains an increase in both the employer and employee contributions to cover the 7% increase as follows:

	Monthly City Current Contribution	Monthly City Proposed Contribution	Monthly Current Emp Contribution	Monthly Proposed Emp Contribution
Emp Only	\$560.86	\$616.08 (\$55.22 increase)	\$ 0	\$ 0
Family	\$906.46	\$968.50 (\$62.04 increase)	\$488.10	\$521.50 (\$33.40 incr.)

FY 22-23 Other Fund Summaries and Highlights

Water Fund

Water funds are directed for the use of potable water distribution within the community, the establishment and maintenance of wells, water main infrastructure construction and repair, and water treatment and monitoring of water quality. The Water fund will be

using \$1,256,000 of its fund balance in this budget recommendation and some of the highlights are as follows:

- Water Utility Revenue – The water utility is projected to have a 5% increase due to the recent rate adjustments and some growth in new and more occupancy of existing housing units.
- Water Utility Expenditures – The use of fund balance noted above will be necessary to address delayed capital improvements projects. Staff has outlined in the next section use of fund balance as well as grant opportunities, of which some applications are already underway.

Staff is also seeking to address a new well project for \$2.1 million utilizing WIFA loan financing that may qualify for at least 50% forgivable principal.

Fund Balance use for the Water fund is recommended as follows:

Well 14 Rehab/Treatment	\$700,000
Reservoir Roof	\$200,000
Backup Generator Well 16 or 17	\$160,000
3-300k Gallon elevated storage tank inspections	\$29,000
HYDRO Vacuum Machine	\$90,000
16" Geronimo Trail Trans. Line	\$10,000
Automatic Flush System additional	\$20,000
Well Chlorination System Room Well 9	\$42,000
Bluestake Locator	\$5,000

- Grants - We are seeking new infrastructure funding for the port of entry project.
 - Port of Entry Related Grants:
 - \$2.7 million from the NADBank for water/sewer design
 - \$1.9 million from the Arizona Environmental Infrastructure Fund for water/sewer design and possible construction
 - \$2.5 million from a Congressional Directed Spending (CDS) request for a new water well
 - Other New Grant Requests

- \$700,000 from USDA for Well 14 rehabilitation
- \$850,000 from CDS request for a new water SCADA system

Sewer Fund

Sewer funds are directed for the use of wastewater collection, treatment, and sewer main infrastructure construction and repair. The Sewer fund is balanced in this budget recommendation and some of the highlights are as follows:

- Sewer Utility Revenue – The sewer utility is projected to have a 5% increase due to the recent rate adjustments, adjusted sewer contract with Department of Correction Rehabilitation and Reentry (ADCRR) and some growth in new and more occupancy of existing housing units. Sewer will also finance a new loader to transfer sludge and is also looking at efficiencies by adding SCADA technology to the Prison's lift station, limiting trips and maintenance of that facility. Any improvements would be charged back to ADCRR as per the service agreement.
- As growth in the community takes place, the issue of reuse of the City's effluent becomes more important. FY 22-23 will be the year for staff to begin discovery in this area to provide proposals and seek Mayor and Council direction on future use of effluent to either carry it toward parks and the golf course or use it to recharge the water table. Staff has initiated discussion and is seeking guidance from the Arizona Department of Environmental Quality, the Environmental Protection Agency and NADBANK regarding future studies and available funding opportunities. The Arizona Department of Water Resources will also be a resource. Grant matching funds are contained in this budget recommendation for expanded opportunities that align with Mayor and Council priorities.

Sanitation Fund

Sanitation funds are directed for the use of refuse collection services in the community. The Sanitation fund is balanced in this budget recommendation and some of the highlights are as follows:

Sanitation wants to provide better notification to the public on holiday pickups by utilizing a new billing process that provides the ability to insert notices. The new billing is expected to be implemented later this year. On capital needs, Sanitation's fleet is complete but will continue to replace garbage cans as needed. Sanitation will continue alley cleanup initiatives and work with Code Enforcement on tree limb chipping with the assistance of a new chipper funded by the County. Other cleanup efforts, as per the direction of the Mayor and Council are also being considered and studied including brush and bulky curbside pickup and mattress and tire collection sites.

HURF Fund

Highway User Revenue Funds (HURF) are directed for the use of streets, street lighting, sidewalks, and curbing within the community. The HURF fund is balanced in this budget; recommendations and some of the highlights are as follows:

HURF revenue sharing increased by 19% this year and will be allocating \$420,000 towards the Streets Program. We are carrying over \$890,000 in capital equipment for Streets which includes revamping our asphalt plant. The new equipment will assist in doing more in-house work with the use of more asphalt over chip seal. As we continue to seek to employ a qualified Director or Deputy Director, we will also look at consulting services to assist in developing an improved Streets Plan customized for our needs and budget. We will also begin to address areas without street lighting in our City by allocating \$20,000 for solar LED lighting this year. Solar LED lighting will provide a sustainable solution to address this need with little to no operations and maintenance costs.

Golf Course

The Golf Course needs great capital investment. The General Fund infuses on average \$185,000 for golf course operations annually. During FY 21-22, Mayor and Council directed staff to pursue the sale of La Perilla Apartments, adjacent to the golf course. The sale process is still underway. The revenue from the sale may be an opportunity to provide major capital improvements to the golf course. Contracting out the management of the golf course to a third party is also currently being pursued. This budget recommendation includes \$180,000 subsidy for golf course operations and use of the surplus in the sale of La Perilla Apartments for capital improvement needs.

Airport

The Airport also needs great capital investment. The General Fund infuses on average \$35,000 for airport operations annually. During FY 21-22, Mayor and Council directed staff to pursue a private sale of the airport, with the condition that the airport remain open to the public as an airport. After much review, public input and Mayor and Council direction, staff continues to pursue alternatives for the future of the airport. A sale remains a potential alternative. One barrier to continued capital investment at the airport is not being eligible to receive federal funding. The airport currently is not part of the National Plan of Integrated Airport Systems (NPIAS), managed by the Federal Aviation Administration (FAA).

NPIAS identifies nearly 3,310 existing and proposed airports that are included in the national airport system, the roles they currently serve, and the amounts and types of

airport development eligible for Federal funding under the Airport Improvement Program (AIP) over the next 5 years.

Efforts are underway to request NPIAS recognition, which would make the airport eligible for federal funding. If the request for NPIAS recognition is successful, staff will begin pursuing federal grant opportunities. In the meantime, the airport is eligible to receive funding from the State of Arizona and has been able to secure perimeter fencing around the airport most recently through these grant awards. The state has issued approximately \$867,000 in grant funds for the airport over the past 20 years.

Airport capital needs, not including the runway, require \$4.6 million, including fuel station renovation. Runway capital needs are approximately \$4.4 million. This budget recommendation includes \$123,067 for airport operations. Staff is currently working on a \$300,000 grant for improvements to the large hangar. A new lease agreement will also be drafted in FY 22-23 for renewal of T-Hangar leases.

Transit

Transit operates with funding from the Federal Transit Administration (FTA) government administered through the state. We receive contributions from SEAGO, ACT, the City of Bisbee and Cochise College as partners for transit services received. Currently there is no GF subsidy for the Transit Fund.

Funding from FTA/ADOT was recently announced with all routes being funded for the next two years along with administration but no capital was awarded. Transit will seek other grants for the purchase of a bus and continue to work on site selection for a new transit facility. Other initiatives include an application for a grant to fund a transit project manager position that can help with future planning projects such as the transit facility, intercity connections, and other system growth-centric projects. Transit also received approval from ADOT and is in negotiations with a private provider to become a Non-Emergent Medical Transportation Service (NEMT) provider within our existing service area to help eligible Medicare/Medicaid patients get to and from medical appointments. NEMT providers operate out of the city, which cause big wait times and inconsistent service. The City would be reimbursed by Medicare/Medicaid and allow for flexibility in the type of calls the City is able to take. A new revenue opportunity through NEMT will allow a reserve to build to maintain self-sufficiency within that fund and provide for additional resources to Transit while providing a valuable unmet service need in the community.

Housing

The Housing Authority has operated under the City of Douglas since the late 1980s. The Mayor and Council act as the Housing Authority board. Historically, the functions overseen by the Housing Department have varied from Section 8 Voucher management, property management, Owner-Occupied Housing Rehabilitation program,

Emergency Home Repair Program, Housing Quality Standards Inspections, and Family Self-Sufficiency (FSS) Program. Douglas is currently the only city in the County that operates its own Housing program. Financially, the Housing Authority has at times required a subsidy from the General Fund, due to lack of grant funds to fully administer their programs. In recent years, the Housing Authority has built sufficient reserves to operate without a GF Subsidy. The Housing staff consists of two full-time positions, one grant funded position and one contract position. One full-time position recently vacated due to promotion. The other full-time position and the grant-funded position have expressed plans to retire in the next year. The recent and expected turnover in this area presents an opportunity to consider a transfer of the housing program to Cochise County. This was attempted many years ago and to prevent layoff of staff the City never followed through with a transition. Staff has done preliminary research with both HUD and Cochise County on a possible transfer of the housing program, and it appears to be a feasible process if all entities are in agreement. Staff plans to bring forward a resolution in the next few months to seek direction and consideration for this transition.

Housing vouchers would still be available in the Douglas area and service in Douglas would be made available in the community as well. This recommended budget includes funding for a full year without a GF subsidy; however, it is anticipated that a transition can occur by January of 2023, if we pursue that direction.

Other Highlights

Community Requests

The following community requests for funding were received for FY 22-23 consideration:

Organization	Amount Requested	Purpose
Pirtleville Community Action Network Inc.	\$ 3,000	Wall of Faces Kiosk for Visitor Registration
Douglas Senior Citizens, Inc.	\$ 1,250	Senior parties and celebrations
Douglas China Poblana	\$ 3,500	Fiestas Patrias Celebration
Douglas Community Coalition	\$12,000	Teen Nights
Douglas ARC	\$13,000	Fuel for meals on wheels program
TOTAL	\$32,750	

In summary, this FY 22-23 budget recommendation provides an overview of City's financial position and sets the tone for bold yet cautious steps toward progress in areas of personnel and capital for the organization as well as community investment through defined policy priorities. Sound fiscal policy continues to be the foundation for maintaining and even exceeding a strong fund balance. The great vision of Mayor and Council through Douglas Vision 2032 provided the framework for the preparation of this budget recommendation and the expertise and hard work of the budget team and leadership made this a team effort. I am appreciative of their collaborative efforts and commitment to the community of Douglas and the organization. The City Manager's Office will continue to instill a SEA Douglas budget philosophy, seeking to be Sustainable, Efficient and Aligned.



**DOUGLAS
VISION 2032**

OUR VISION

With a thriving economy and modern infrastructure development, Douglas is a destination for international business and Downtown remains the Heart of Douglas, showcasing its History, Entertainment, Art, Retail and Tradition, worldwide.



OUR MISSION
Enhance Quality of Life and Economic Growth in our Community.

CITY OF DOUGLAS
Embracing our Heritage, Advancing our Future

OUR VALUES

Professionalism
Respect
Integrity
DOUGLAS
Excellence

OUR WORK ENVIRONMENT

COLLABORATIVE | COURTEOUS | CROSS-FUNCTIONAL



POLICY PRIORITIES

1. Infrastructure
2. Downtown Revitalization
3. Managing Growth /Annexations
4. Economy, Jobs & Amenities
5. Community Facilities, Special Events & Tourism
6. Streets & Roads

Attachment 2

2022-2025 CMR Recommended Plan - Classifications by Title

TITLE	FY 21/22 Current Range	FY 22/23 Proposed Range <10% Line <15% Ld/T/MM <25% Directors Min Wage	FY 23/24 Proposed Range <5% Line <10% Ld/T/MM <15% Directors	FY 24/25 Proposed Range <5% All positions
Account Clerk I	13	14	14	14
Account Clerk II	14	15	15	15
Account Clerk III	15	16	17	17
Account Payable/Payroll Specialist	21	21	21	22
Accountant/Accounting Supervisor	26	26	26	26
Accounting Technician	16	17	18	19
Activity Aide - Rec	min wage	min wage	min wage	min wage
Administrative / Accounting Assistant	17	17	18	18
Administrative Assistant I	14	15	15	15
Administrative Assistant II	16	17	17	17
Airport Attendant	13	14	14	14
Animal Control Officer	14	16	17	17
Aquatics Coordinator	17	18	19	20
Building / Planning & Zoning Specialist	20	21	22	23
Cashier	min wage	min wage	min wage	min wage
Cemetery Lead Worker	17	18	19	20
Cemetery Worker I	14	15	15	15
City Attorney	NC	NC	NC	NC
City Clerk	NC (32)*	NC	NC 33*	NC 35*
City Magistrate	NC	NC	NC	NC
City Manager	NC	NC	NC	NC
Clerical Aide	min wage	min wage	min wage	min wage
Code Enforcement/P&Z Technician	18	19	20	21
Collection Technician I	15	16	17	17
Community Services & Ec Dev Director	32	35	37	39
Deputy City Clerk	21	21	22	23
Deputy City Manager/City	40	40	42	44

Treasurer				
Deputy Fire Chief	FD, FDP	FD, FDP (+3%)	FD, FDP (+9%)	FD, FDP (+10%)
Dispatcher	16	18	19	19
Ec Dev / CMO Project Coordinator	26	26	26	26
Environmental Specialist	20	20	21	22
Equipment Mechanic I	14	16	17	17
Equipment Mechanic II	16	18	19	19
Equipment Mechanic III	18	19	20	21
Equipment Operator I	14	15	15	15
Equipment Operator II	15	16	17	17
Equipment Operator III	16	17	18	19
Equipment Operator IV	18	20	21	22
Evidence Officer	15	18	19	19
Executive Assistant	17	17	18	19
Family Self Sufficiency Coordinator	20	20	20	20
Finance Director	32	35	37	39
Fire Captain/EMT	FC, FCP	FC, FCP (+9%)	FC, FCP (+5%)	FC, FCP (+5%)
Fire Chief	FH, FHP	FH, FHP	FH, FHP (+8%)	FH, FHP (+10%)
Fire Engineer/EMT	FE, FEP	FE, FEP (+5%)	FE, FEP (+5%)	FE, FEP (+5%)
Fire Lead Engineer/EMT	FL, FLP	FL, FLP (+9%)	FL, FLP (+5%)	FL, FLP (+5%)
Firefighter/EMT	FF, FFP	FF, FFP (+3%)	FF, FFP (+2%)	FF, FFP
Grants / CMO Project Coordinator	26	26	26	26
Housing Manager	28	28	29	30
Housing Programs Specialist	18	18	18	18
Human Resources Analyst	22	22	22	23
Human Resources Manager	30	30	32	35
HVAC Specialist	18	19	20	20
IT Manager	30	30	32	35
IT Specialist	23	23	23	24
IT Technician	19	19	20	21
Laborer	13	14	14	14
Library Aide	min wage	min wage	min wage	min wage
Library Manager	28	28	29	30
Library Specialist II	14	15	15	15
Lifeguard	min wage	min wage	min wage	min wage
Maintenance Technician I	14	15	15	15
Maintenance Technician II	16	17	17	17
Maintenance Technician III	17	18	19	19
Maintenance Technician IV	19	20	21	22
Marketing & Communications	19	19	20	21

Specialist				
Neighborhood Resources & Grants Director	32	35	37	39
Occupancy Specialist	16	17	17	17
Parks & Recreation Manager	28	28	29	30
Parks Maintenance Worker	14	15	15	15
Parks Supervisor	21	21	22	23
Planner	26	26	26	27
Police Aide/ Detention Officer	14	15	16	16
Police Chief	PH	PH	PH (+4%)	PH (+9%)
Police Lieutenant	PL	PL (+9%)	PL (+5%)	PL (+5%)
Police Officer	PO	PO (+5%)	PO (+3%)	PO
Police Records Clerk	13	14	14	14
Police Sergeant	PS	PS (+7%)	PS (+5%)	PS (+5%)
Police Trainee/Comm Service Officer	16	16	17	18
Procurement Specialist	21	21	22	23
PW Construction Supervisor	24 (26)	28	29	30
PW Deputy Director (Engineer)	32(34)	32(34)	32(34)	34(36)
PW Director (City Engineer)	38(40)	38(40)	38(40)	39(41)
PW Operations Supervisor	24 (26)	24(26)	28	29
PW Wastewater Supervisor	24 (26)	28	29	30
PW Water Supervisor	24 (26)	28	29	30
Recreation & Special Events Specialist	14	15	15	15
Recreation Coordinator	16	18	19	20
Senior Dispatcher	18	20	21	22
Special Project Technician II	15	16	18	18
Special Project Technician III	16	17	19	19
Transit Coordinator	20	20	20	21
Transit Dispatcher/Secretary	14	15	15	15
Transit Driver	14	15	15	15
Transit Manager	28	28	29	30
Transit Operator (non CDL)	12	13	13	13
Wastewater Plant Operator	16	18	19	19
Wastewater Plant Operator / Lab Tech	18	19	20	20
Wastewater Technician IV	19	22	23	24
Water Technician I	14	15	16	16
Water Technician II	15	16	18	18
Water Technician III	16	17	19	19
Water Technician IV	19	21	22	23

Attachment 3

Personnel Requests for FY 22/23

Dept/Div	Request	Recommend Approval						
		Position?	Other		Total Cost	GF Amount	Other Funds	Funding Notes
			New Gen Fund	cost w/eres	cost w/eres			
Administration	Executive Assistant, range 17 limited status FT	Yes	\$ 45,506	\$ 5,056	\$ 50,562	45506		Fund as Limited Status
IT	IT Technician, range 19	Yes	\$ 50,580	\$ 5,620	\$ 56,200	0		Share with Police as Data Analyst
Finance	Accounting Supervisor, range 26	Yes	\$ 41,089	\$ 41,089	\$ 82,177	15973	15973	Fund part time Limited Status as Accountant
Visitor Center	Visitor Center Aide, range 1 limited status PT	Yes	\$ 14,147		\$ 14,147	26621		Fund Limited Status Aides for 40 hr Coverage
Dev Services	Development Services Aide, range 1 limited status PT	Yes	\$ 14,147		\$ 14,147	0		
Recreation	Lead Recreation Aide, range 13	Yes	\$ 45,512		\$ 45,512	16697		Additional OnCall Aides for Special Events
Aquatics	Aquatic Maint Tech II, range 16 (\$20k in contractual)	No	\$ 55,500		\$ 55,500	0		
Fire	Battalion Chief	Yes	\$ 85,500		\$ 85,500	0		
Fire	Fire Marshall	Yes	\$ 88,000		\$ 88,000	0		
Police	4 Police Officers for annexation (61750 each)	Yes	\$ 185,250		\$ 185,250	0		
Police	Crime Analyst, range 22	Yes	\$ 61,587		\$ 61,587	61587		Share with IT as Data Analyst
PW Construction	Maintenance Technician I, range 14	Yes	\$ 48,271		\$ 48,271	48271		Fund as Limited Status
PW Fleet	Equipment Mechanic II, range 16	No	\$ 51,500		\$ 51,500	0		
PW Utilities CIP	Utilities CIP Tech IV, range 19	Yes		\$ 60,000	\$ 60,000	0		
PW Utilities CIP	2 Utilities CIP Laborer, range 13 (\$44k each)	Yes		\$ 88,000	\$ 88,000	0		
			\$ 786,589	\$ 199,765	\$ 986,354	\$ 214,655	\$ 15,973	

**CITY OF DOUGLAS
CAPITAL IMPROVEMENT PROGRAM
2022-2023**

Attachment 4

Source	DEPT	ITEM/PROJECT	TYPE	Funding Year	Amount Approved
FY 21/22 Carryover (CO) to FY 2022/2023					
CarryOver	Cemetery	Cemetery Beautification	Facilities	CO from FY 20/21	\$43,957
CarryOver	Dev Services	Abatement Program	Planning	CO from FY 20/21	\$47,962
CarryOver	Dev Services	Downtown Streetscape	Facilities	CO from FY 20/21	\$34,428
CarryOver	Parks	Pet Park	Facilities	CO from FY 20/21	\$20,000
CarryOver	Police	Police Bldg Exterior Improvements	Facilities	CO from FY 20/21	\$28,374
CarryOver	PW Admin	Warehouse	Facilities	CO from FY 20/21	\$56,592
CarryOver	PW Construction	City Hall Upgrades	Facilities	CO from FY 20/21	\$107,092
CarryOver	Visitor Center	Airport Museum Improvements	Facilities	CO from FY 20/21	\$60,000
				Total	\$398,405
ARPA FY 21/22 Not Completed and Authorized Carryover to FY 22/23					
ARPA	Dev Services	Downtown Revitalization Construction (multiyear)	Planning	FY 2021/2022	\$300,000
ARPA	HURF (Streets)	Batch Plant Maintenance	Facilities	FY 2021/2022	\$500,000
ARPA	HURF (Streets)	Asphalt Laydown	Facilities	FY 2021/2022	\$150,000
ARPA	HURF (Streets)	Street Roller	Equipment	FY 2021/2022	\$50,000
ARPA	HURF (Streets)	8 Wheel Dump Truck	Vehicles	FY 2021/2022	\$100,000
ARPA	HURF (Streets)	Street Crack Sealer Machine	Equipment	FY 2021/2022	\$90,000
ARPA	Parks	Parks Master Plan Recommendations	Planning	FY 2021/2022	\$425,000
ARPA	Water and Sewer	POE & Dev Area Water and Sewer Design/Engineering	Infrastructure	FY 2021/2022	\$500,000
				Total	\$2,115,000
ARPA FY 22/23 & FY 21/22 Carryover (CO) Savings					
ARPA	IT	Telecommunication Expansion Study	Infrastructure	FY 2022/2023	\$275,000
ARPA	Policy Priorities	Grant Match or Policy Priority Projects	Various	FY 2022/2022	\$808,091
21/22 CO	Policy Priorities	Grant Match or Policy Priority Projects	Various	CO from FY 20/21	\$236,958
				Total	\$1,320,049
ARPA FY 21/22 Not Completed and Authorized Carryover to FY 22/23 using UNRESTRICTED FUND BALANCE					
ARPA	Airport	Perimeter Fence (\$400,000 grant w/\$40,000 match)	Facilities	FY 2021/2022	\$40,000
ARPA	Aquatics	ADA Chair for Pool	Equipment	FY 2021/2022	\$5,000
ARPA	Finance	Repaint/Retile Finance/Utility Billing (50/50 Fin/Util Billing)	Facilities	FY 2021/2022	\$3,250
ARPA	Parks	Irrigation Controller, Pump and Roof at Paseo Linear Park	Facilities	FY 2021/2022	\$20,000
ARPA	Police	Body Worn Cameras (5 year lease)	Equipment	FY 2021/2022	\$160,000
ARPA	Police	Animal Shelter	Equipment	FY 2021/2022	\$300,000
ARPA	PW Admin	PW Warehouse	Facilities	FY 2021/2022	\$102,561
ARPA	PW Construction	Repair Roof Public Works Office	Facilities	FY 2021/2022	\$10,000
ARPA	PW Fleet	East Garage Enclosure (remainder)	Facilities	FY 2021/2022	\$63,289
ARPA	Visitor Center	3 VC Projects Combined for Storage Bldg	Equipment	FY 2021/2022	\$12,500
				Total	\$716,600
FY 22/23 New Capital					
GF	IT	Computer Replacement	Equipment	FY 2022/2023	\$30,000
GF	IT	IDF Upgrades	Equipment	FY 2022/2023	\$12,000
GF	IT	Video Surveillance Server	Equipment	FY 2022/2023	\$20,000
GF	Mayor & Council	Raul Castro Statue	Facility	FY 2022/2023	\$30,000
GF	Fire/EMS	Medication Dispenser	Equipment	FY 2022/2023	\$14,130
GF	Police	SRT Equipment	Equipment	FY 2022/2023	\$37,000
GF	Police	6 ballistic Vests	Equipment	FY 2022/2023	\$7,200
GF	Visitor Center	Gazebo Roof	Facility	FY 2022/2023	\$15,000
GF	Cemetery	Backhoe	Equipment	FY 2022/2023	\$120,000
GF	Parks	Tractor	Equipment	FY 2022/2023	\$50,000
GF	Parks	Splash pad Controller	Equipment	FY 2022/2023	\$7,000
GF	Parks	Tennis Court renovations	Facility	FY 2022/2023	\$80,000
GF	Recreation	Cargo Van	Vehicle	FY 2022/2023	\$25,000
GF	Recreation	Light Towers	Equipment	FY 2022/2023	\$20,000
GF	Recreation	Canopies	Equipment	FY 2022/2023	\$20,000
GF	Aquatics	ADA Chair for Pool (extra amount needed)	Equipment	FY 2022/2023	\$5,000
GF	PW Construction	Stucco South wall 7th St Bldg	Facility	FY 2022/2023	\$20,000
GF	PW Construction	Work Truck from Auction	Vehicle	FY 2022/2023	\$15,000
GF	PW Fleet Maint	Tilt Car hauler trailer with winch	Equipment	FY 2022/2023	\$20,000
GF	PW Fleet Maint	Vehicle Scanner (4,100 coming from Transit)	Equipment	FY 2022/2023	\$3,785
GF	Development Serv	Plotter/scanner/Printer	Equipment	FY 2022/2023	\$7,863
GF	Development Serv	Field Computers	Equipment	FY 2022/2023	\$5,000
				Total	\$563,978