

To: Mayor Dave Hill and City Council Members

From: Tara Dunford, CPA

Date: November 28, 2022

Re: Ordinance No. 1215-22 2023 Final Budget

ATTACHMENTS: Ordinance 1215-22; Exhibit A – Budget Book

TYPE OF ACTION: None. First Read.

Discussion:

Council received the Preliminary budget on September 26, 2022 and the final Preliminary budget on October 24, 2022. The required Public Hearing on revenue sources was held on November 14, 2022. The required Public Hearing on the Preliminary budget was held on November 14, 2022 and required Public Hearing on the Final budget will occur on November 28, 2022. The second reading of this ordinance and adoption of the budget is scheduled for December 12, 2022. The 2023 Budget must be adopted prior to December 31, 2022.

The following changes were made to the budget document presented on October 24, 2022:

- Increased police salaries and benefits by approximately \$31,000 to reflect a 4% cost of living increase per pending union contract.
- Increased liability insurance to reflect 15% increase per notice from AWC.

Recommended Council discussion:

- A cost of living adjustment for non-represented employees needs to be established and included in the final adopted budget (scheduled for December 12, 2022). Non-represented employees are not entitled to retroactive cost of living adjustments. Therefore, if Council does not adopt an increase for 2023 prior to the end of 2022 non-represented employees will continue to receive 2022 pay rates until a cost of living increase is established for 2023 via the budget amendment process. The cost of increases for non-represented employees at various percentages is as follows:

<u>Fund</u>	<u>1%</u>	<u>2%</u>	<u>3%</u>	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>	<u>9%</u>	<u>10%</u>
General Fund & Streets	2,229	4,458	6,687	8,916	11,145	13,374	15,603	17,832	20,061	22,290
Storm	224	448	672	896	1,120	1,344	1,568	1,792	2,016	2,240
Water	484	968	1,452	1,936	2,420	2,904	3,388	3,872	4,356	4,840
Sewer	662	1,324	1,986	2,648	3,310	3,972	4,634	5,296	5,958	6,620
Total Impact	<u>3,599</u>	<u>7,198</u>	<u>10,797</u>	<u>14,396</u>	<u>17,995</u>	<u>21,594</u>	<u>25,193</u>	<u>28,792</u>	<u>32,391</u>	<u>35,990</u>

- The budget currently has a general fund shortfall of \$91,550 and adds two new part time positions. It is recommended that Council discuss whether to remove one or both part time positions from the final budget and/or reduce other requested expenditures. Of the \$91,550, approximately \$57,000 is related to funding of ½ of the Community Connector position using ARPA funds.