

## City approves annual budget

Written by By Holly J. Wagner Sun Correspondent  
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Gallup has a new budget for fiscal year 2023 – which starts next month – but it's not quite as hefty as city departments had hoped, forcing the city to try to do more with less.

The budget is just over \$110,000, and it was approved June 14. It includes over \$34 million for operations and over \$2 million for capital projects, for a total of over \$36 million in general fund budget expenditures.

Some of those numbers might have been a little higher if the city council had approved a proposed 22.5% water rate hike earlier this year. Instead, the rate increase was set aside at council members' request to look for a way to make it more palatable for citizens.

"We removed the adjusted water revenue for the 22.5% increase, resulting in a decrease of \$1,440,000," Utilities accountant Jackie Leyva explained. "That results in an impact on days cash on hand. It will be a new projected level of 72 days by fiscal year end."

That's not good news, because the rule of thumb for city utilities is to have 180 days worth of cash on hand. When the cushion dips lower, it can mean higher interest rates for borrowing or the city being assessed as a higher risk for bonds.

City Manager Maryann Ustick has said she hopes to bring a water rate restructuring back to the council later this year.

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Meanwhile, the budget approved without it includes higher labor costs based on a state minimum wage increase from \$11.50 to \$12 an hour; and a 5% cost of living increase for city staff, both set to take effect in the city budget July 1.

The city also anticipates an 8% increase in health insurance costs in the coming year.

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