

City Council Agenda Memo

From: Ashley Rentsch, Finance Director

Council Meeting: October 24, 2023 / November 14, 2023

Subject: Ordinance 23-037: 2024 Appropriation Ordinance

Presenter(s): Ashley Rentsch, Finance Director

Summary:

The City of Brookings adopts a budget on an annual basis. A series of workshops were held to ensure a transparent and engaging budget process. Staff presents a balanced and sustainable proposed 2024 budget of \$70,193,858, which is an increase of \$8.5 million, or 14% from the 2023 budget.

Background:

The City of Brookings adopts a budget on an annual basis to set the strategic direction for the upcoming year. At the completion of the eight (8) month development and adoption process, the budget serves as a policy tool, operations guide, financial plan, and communications device.

To ensure a transparent and engaging budget process, the City held a series of workshops. Budget Workshop #1 was held on September 12th and focused on a budget overview, operating budgets, and outside agencies. The second budget workshop on September 26th discussed the 10-year Capital Improvement Plan and the Consolidated Fee Schedule. A subsequent workshop was held on October 17th to discuss outside agency funding in greater detail.

The first reading of the budget ordinance is scheduled for October 24th. The second reading of the budget ordinance and the adoption of the 10-year Capital Improvement Plan and the Consolidated Fee Schedule will be November 14th. The November 28th Council Meeting date has been identified as a contingency date if a third reading of the budget ordinance is necessary.

Staff has broken down the budget into four (4) primary components for the City Council: General Fund, Special Revenue/Debt Service Funds, Enterprise Funds, and Capital Improvement Plan. The General Fund encompasses the primary City operations such as public safety, public works functions, and parks, recreation, and forestry, which contribute to Brookings high quality of life, strong neighborhoods, and safe and welcoming community. The 10-year Capital Improvement Plan shows one-time purchases, generally over \$25,000, over the upcoming 10-year window. Special Revenue Funds must be used for specific purposes, which are legally restricted or

committed. Enterprise Funds are meant to operate in a business manner, focusing on cost recovery.

Item Details:

The 2024 budget includes a proposed balanced General Fund of \$21,186,056. The budget is considered balanced as revenues are equal to expenditures. Public safety, public works, and parks, recreation, and forestry account for approximately 72% of the General Fund. Sales tax, property tax, and transfers account for approximately 82% of General Fund Revenue.

Special Revenue / Debt Service Funds total \$10.4 million. Approximately half of this total is attributed to the Dacotah Bank Center, due to a change in accounting for revenues and expenditures to increase transparency. The E-911 Fund accounts for 11% of these funds expenditures.

A five percent (5%) late penalty was applied to the funds allocated to the Brookings School District and Brookings Economic Development Corporation resulting in reductions of \$9,750 and \$8,250, respectively.

Enterprise Funds total \$25.3 million for 2024. It is important to note all liquor pass-through revenues and expenses (approximately \$8.6 million) flow through the Liquor Fund. Solid Waste Collections and Disposal Funds will utilize an increased amount of contributed capital in 2024 to support initiatives outlined in the Solid Waste Master Plan.

The Capital Improvement Plan (CIP) maintains / replaces existing facilities, vehicles, and equipment while providing no additions. The 2024 CIP expenditures are proposed to be \$13.3 million. Debt service, street / airport, and parks / recreation account for approximately 83% of total CIP expenditures. Eighty-seven percent (87%) of CIP revenue comes from 2nd Penny Sales Tax.

Major CIP projects planned for 2024 include a street maintenance budget of \$2.8M, water source improvements at Edgebrook Golf Course for \$800K, blue rink dehumidification system at Larson Ice Arena for \$700K, Police Department vehicles for \$419K, Fire Department replacement of Rescue 1 for \$700K, and a building assessment update for \$100K.

Legal Consideration:

The budget process is dictated by code, policy, and state law.

Strategic Plan Consideration:

1. Fiscal Responsibility
2. Safe, Inclusive, Connected Community
3. Service and Innovation Excellence
4. Sustainability
5. Economic Growth

Financial Consideration:

City staff will present balanced budgets which promote a sustainable future and help the community achieve its dreams.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a Study Session
5. Discuss / take no action / table

Staff recommends approval.

Supporting Documentation:

Memo

Ordinance

Budget-In-Brief

Budget Detail