

City Council Agenda Item Memo

From: Ashley Rentsch, Finance Director

Council Meeting: October 28, 2025 / November 18, 2025

Subject: Ordinance 25-034: 2026 Appropriation Ordinance

Presenter: Ashley Rentsch, Finance Director

Summary and Recommended Action:

Staff recommends approval of the 2026 Appropriation Ordinance. The City of Brookings adopts a budget on an annual basis. A series of budget workshops were held in September to ensure a transparent and engaging budget process. Staff presents a balanced and sustainable proposed budget of \$72,527,765, which is a decrease of 1% or \$642,014 from the 2025 adopted budget.

Item Details:

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 9 and focused on a budget overview, operating budgets, and outside agencies. The second budget workshop on September 23 discussed the 10-year Capital Improvement Plan and the Consolidated Fee Schedule.

The first reading of the budget ordinance is scheduled for October 28. The second reading of the budget ordinance and adoption of the 10-year Capital Improvement Plan and the Consolidated Fee Schedule will be November 18. The November 25 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.

The 2025 budget includes a proposed balanced General Fund of \$22,948,083. The budget is considered balanced as revenues are equal to expenditures. Public safety, public works, and parks, recreation, and forestry account for approximately 73% of the General Fund. Sales Tax, Property Tax, and transfers account for approximately 81% of General Fund revenue.

Special Revenue/Debt Service funds total \$14.1 million. Just under half of this total is attributed to the Dacotah Bank Center, and the E-911 Fund accounts for 10% of the total. The primary increases in this category for 2025 are due to new TIF revenues and capital projects in the Storm Drainage Fund.

Enterprise funds total \$22.1 million for 2026. It is important to note that all liquor pass-through revenues and expenses (approximately \$8.3 million) flow through the Liquor Fund. Solid Waste Collections and Disposal funds will utilize contributed capital in 2026 to support initiatives outlined in the Solid Waste Master Plan.

The Capital Improvement Plan (CIP) maintains/replaces existing facilities, vehicles, and equipment. The 2026 CIP expenditures are proposed to be \$13.4 million. Debt service, street/airport, and parks/recreation account for approximately 60% of total CIP expenditures. 2nd Penny Sales Tax provides 75% of CIP revenue.

Major CIP projects planned for 2026 include various vehicle and equipment replacements in addition to annual street maintenance at \$4.5 million; 5th Street Gym improvements for \$450k, and the replacement of Fire Engine 3 at \$700k.

Legal Consideration:

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

Strategic Plan Consideration:

The 2026 Appropriation Ordinance encompasses all five (5) areas of the City Council Strategic Plan:

- Fiscal Responsibility – The City of Brookings will responsibly manage resources through transparency, efficiency, equity, and exceptional customer service.
- Safe, Inclusive, Connected Community – The City of Brookings will create an environment for inclusive programs, gathering places, and events where the community can safely live, work and come together to participate in opportunities for learning, recreation and enjoyment.
- Service and Innovation Excellence – The City of Brookings will provide an accessible environment committed to ongoing innovation and outstanding service through listening and engagement.
- Sustainability – The City of Brookings will meet environmental, community and economic desires and needs without compromising future generations' quality of life by strategically planning, implementing and maintaining infrastructure and facilities.

- Economic Growth – The City of Brookings will support effective diversified community investment and equitable opportunities for prosperity.

Financial Consideration:

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

Supporting Documentation:

Ordinance

Budget-In-Brief