

BRING YOUR DREAMS.



**Paul M. Briseno**  
**City Manager**

August 22, 2018

Mayor Keith W. Corbett & City Council Members  
City of Brookings  
520 3<sup>rd</sup> Street, Suite 230  
Brookings, SD 57006

**RE: 2019 Budget Message**

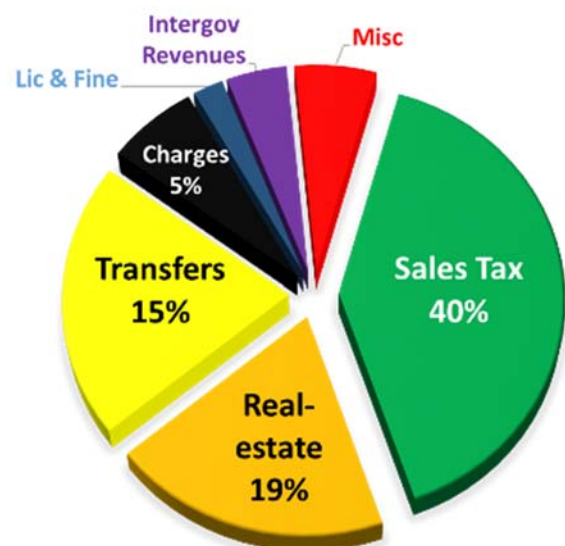
Dear Mayor & City Council Members,

The 2019 Brookings municipal budget is presented to the City Council and residents as a financial plan for accomplishing our community's goals through strategic investment of operations and capital improvements. More importantly, the document is compiled thorough input from organizational stakeholders while assuring the interests of the community are represented with a direction of achieving the Council's goals.

A balanced budget was achieved with an overall decrease of 8% when compared to 2018. The complete budget is \$53.2 million. Various funds comprise a majority of the budget and include the General Fund, Special Revenues, Debt and Enterprise. Overall the General Government budget decreased by 1% while the General Fund realized a minimal increase of 2.2%, which is consistent with inflation. Special revenue funds increased approximately 2.8%.

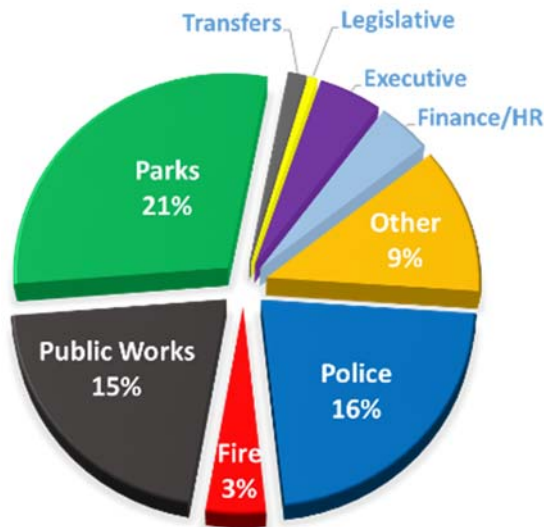
**GENERAL FUND**

The proposed 2019 General Fund Revenue is projected with a 2.2% increase. Sales tax is the General Fund's largest revenue source and is estimated with a 3% increase over 2018. Current receipts dictate the projected growth for next year. This revenue allows the City to provide critical services that greatly impact the quality of life in Brookings. It further creates less of a demand on property taxes. This diversification of revenue grants an agility not realized in traditional municipalities. More importantly the financial impact on property owners and guests is more broadly distributed.



National conversations may negatively impact local sales tax in the short term. However, the online sales tax ruling in 2018 by the Supreme Court will increase revenues. Any growth should assist in funding a reserve for future maintenance of facilities and larger equipment. Its essential funds are set aside to properly maintain Brookings capital investments.

Real estate tax is projected with a 4.5% increase, which is consistent with growth of construction and inflation. All other revenue sources for the General Fund contain a slight increase or remain flat.



General Fund expenditures are projected to increase 2.5% when compared to 2018. The largest funded departments include Parks, Police, Public Works, and other. The following divisions account for a majority of the shift from 2018:

- **Legislative** (City Council) – Decrease with the elimination of the “Open Budget” online service as well as a decrease in consulting services.
- **Executive** (City Manager, Clerk, Attorney) – Increase with an effort to market services, information and connect with residents through an upgraded mobile friendly webpage, marketing and social media. The Communications Specialist was moved under the City Manager fund and a part-time receptionist was added.
- **Other Funds** (Non-Dept, IT, Building, Other) – Increase due to the addition of a proposed Maintenance Manager position that will assist in formulating a plan to properly maintain City facilities with a long term plan.
- **Police** (Police, Animal Control) – Increase with the addition of a new officer to assist with the growth in population and service area. Additionally \$40,000 in contractual services was added to the Animal Control for Humane Society services.
- **Public Works** (Community Development, Street, Engineering) – Decrease with less capital projects when compared to the 2018 budget. Specifically, the Comprehensive Master Plan was funded in 2017/18.
- **Parks** – Increase with the addition of an employee to assist in the growth of park acreage. Additionally, the Aquatic Center and Dakota Nature Park have programed the purchase of necessary equipment. The Larson Ice Arena operations was elevated with the degradation of the cooling system.
- **Library** - Increase due to much needed replacement of carpet throughout the facility.

### **SPECIAL REVENUE FUNDS**

The special revenue funds are projected with a 2.8% increase in expenditures. However, there are multiple revenue sources with projections of 3% Sales Tax for the .25 and .75 Penny, and slight decreases in the 3B and Pillow Tax. E911 is split between the City (2/3) and County (1/3). Finally, the Swiftel Center will be impacted with a reduction in revenue as the County no longer has a presence at the facility.

Within the .25 Penny, the total capital expenditures are projected based on a number of planned projects. In 2019, these expenditures will be \$1.7 million, which is an increase over 2018. Larger projects include machinery and equipment at the Police Department, street and sidewalk improvements, as well as street curb and gutter.

The 2019 .75 Penny is budgeted at \$5.9 million with larger projects including debt payments, Boys & Girls Club, SDSU Performing Arts Center, Park & Recreation improvements, street & sidewalk improvements, STP Grants, street curb and gutter, as well as special projects including the Government Center lot and Swiftel Center road.

E911 contains an increase with the recommendation of an additional dispatcher to attain a two person minimum. This expense is paid from both the City and County.

### **ENTERPRISE FUNDS**

The enterprise fund is projected with a decrease of 2.3% when compared to 2018. Specifically, the Liquor Store is expected to incur a decrease in revenues due to construction of 22<sup>nd</sup> Avenue phase I. To counter this decrease, efforts are being made to make the facility more aesthetically appealing from the outside and easier to find. The Airport's increase is attributed to an apron reconstruction. Finally, Solid Waste's decrease is created from less equipment purchased when compared to 2018.

### **OUTSIDE AGENCIES**

Outside agencies were presented in three major categories totaling \$1,659,700. Funding is prioritized on the City Council's desires.

- \$1,045,500 Economic Development
- \$315,000 City Related
- \$299,200 Social Services



The overall 2019 budget is presented with a decrease of 8% when compared to the previous year. Thanks to all Department Heads for holding the line and preparing a minimal growth budget while ensuring essential services are provided and programs desired by the public remain consistent. This balanced budget provides proper funding while maintaining adequate reserves. Furthermore, the plan is flexible by granting the City Council the ability to pivot when opportunities are presented that assist in achieving goals.

In preparation of the 2020 budget, staff will focus on establishing proper policy for debt, reserves, transfers and other financial matters to ensure a sustainable financial plan. The 2019 budget will assist in attaining the dreams and desires of the Brookings community and its visitors.

Sincerely,

Paul M. Briseno  
City Manager