

City Council Agenda Item Memo

From: Samantha Beckman, Assistant to the City Manager
Ashley Rentsch, Finance Director

Council Meeting: September 23, 2025

Subject: Budget Workshop #2

Presenter: Samantha Beckman, Assistant to the City Manager
Ashley Rentsch, Finance Director

Summary and Recommended Action:

The City will host a series of budget workshops to ensure a transparent and engaging budget process. Budget Workshop #2 will focus on the 10-Year Capital Improvement Plan (CIP) and Consolidated Fee Schedule. Staff will present balanced and sustainable budgets to City Council. Budget Workshop #2 is informational and conversational in nature. City Council is encouraged to ask questions and engage in discussion.

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 six (6) 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 will hold a series of workshops. Budget Workshop #1 was held on September 9th and focused on a budget overview, operating budget, and outside agencies. A second budget workshop will be held on September 23rd to discuss the 10-Year Capital Improvement Plan and the Consolidated Fee Schedule. A third workshop date will be available on October 14th for any further budget discussion and clarification as desired by City Council.

The first reading of the budget ordinance is scheduled for October 28th. The second reading of the budget ordinance, adoption of the 10-Year Capital Improvement Plan, and adoption of the Consolidated Fee Schedule is scheduled for November 18th.

Staff has broken the budget down into four (4) primary components for City Council – General Fund, Special Revenue/Debt Service/Tax Increment Finance (TIF) Funds, Enterprise Funds, and Capital Improvement Plan (CIP). The General Fund encompasses the primary City operations such as public safety, public works, and parks, recreation, and forestry, which contribute to Brookings high quality of life, strong neighborhoods, and safe and welcoming community. The 10-Year CIP will show 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 business manner focusing on cost recovery.

In 2022, the City made a change to the timing of the budget process to take advantage of a new state law which allows for delaying the budget process until later in the year. The additional time provides staff further opportunity to analyze revenue and expenditure trends, which allows for more accurate budget forecasting. To accommodate the later adoption of the budget ordinance, the Property Tax Levy came before City Council as a separate ordinance for first reading on August 26th and second reading on September 9th.

The City of Brookings charges fees to offset operational expenses and ensure the financial sustainability of programs and services. Staff aggregated all City fees into the Consolidated Fee Schedule, which was adopted by City Council as part of the 2021 Budget process. As part of the annual budget process, staff completes a thorough review of all City fees to ensure they are up-to-date and aligned with market conditions.

Recapping from Budget Workshop #1, major highlights of the 2026 proposed budget are noted below.

- The 2026 Budget is \$72,526,765, which is a decrease of \$642,014, or 0.9%, from the 2025 Adopted Budget. The decrease is driven primarily by less projects in the Enterprise Funds and Capital Improvement Plan.
- The 2026 Budget includes a balanced General Fund of \$22,928,083. The \$22.9 million proposed 2026 General Fund Budget is a \$1,087,307, or 4.97%, increase from the 2025 Adopted Budget. We focus the most on the General Fund because it is the City's primary operating budget which provides core services (e.g. Police, Fire, Parks / Recreation / Forestry) to the community. The City's long term financial plan shows sustainable growth in General Fund operations throughout the 10-year projection.
- Sales Tax is the City's primary revenue source accounting for 46% of General Fund and 79% of the CIP revenue.
- The 2026 Budget is not proposing to add any new staff positions in the General Fund.

Budget Workshop #2 will focus on the 10-Year CIP and Consolidated Fee Schedule. The 2026 CIP expenditures are proposed to be \$13.4 million. The CIP prioritizes maintaining and replacing existing facilities, vehicles, and equipment. Public Works, outside agencies, Public Safety, and Parks, Recreation, and Forestry account for over 86% of the total CIP expenditures. Primary revenue sources for the CIP include 2nd penny sales tax, contributed capital, and money market interest.

Major projects for 2026 include street maintenance, vehicle/equipment replacement, 5th Street Gym Improvements, Hillcrest Aquatic Center filter system upgrades, and E-911

console replacement. Through the use of carrying over funds from year to year, the CIP is balanced through 2035. The need for carrying over funds is greatly reduced after 2027 as the nearly \$1M commitment to outside agencies sunsets. Any surplus revenues in the Capital Improvement Plan would be used to fund capital projects which have not currently been identified or supplement the City Council Financial Policy Projects (CCFPP) Fund. Supplementing the CCFPP would allow the community to take on desired projects (e.g. Library / Activity Center renovation) through the use of cash on hand as opposed to borrowing, which would save on debt service expenses.

As part of the annual budget process, City staff reviews and updates the Consolidated Fee Schedule to ensure fees are comparable to peer municipalities and appropriate in terms of cost recovery and other strategic objectives. Public Works and Community Development are proposing fee schedule changes for 2026.

Legal Consideration:

None.

Strategic Plan Consideration:

- 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:

Presentation

10-year Capital Improvement Plan

Fee Schedule Updates