

City Council Agenda Item Memo

From: Ashley Rentsch, Finance Director

Council Meeting: October 22, 2024 / November 12, 2024

Subject: Ordinance 24-037: 2025 Appropriation Ordinance

Presenter: Ashley Rentsch, Finance Director

Summary and Recommended Action:

Staff recommends approval of the 2025 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 2025 budget of \$73,169,780, which is an increase of \$2.8 million or 3.9% from the 2024 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 10th, focused on budget overview, operating budgets, and outside agencies. The second budget workshop was held on September 24th, discussed the 10-year Capital Improvement Plan and the Consolidated Fee Schedule. A City Council Study Session was held on October 15th to provide information on economic development partner funding.

The first reading of the budget ordinance is scheduled for October 22nd. The second reading of the budget ordinance and adoption of the 10-year Capital Improvement Plan and the Consolidated Fee Schedule will be November 12th. The November 26th Council Meeting date has been identified as a contingency date if a third reading of the budget ordinance is necessary.

The budget is broken into four (4) primary components for the City Council: General Fund, Special Revenue/Debt Service Funds, Enterprise Funds, and Capital Improvement Plan. 1) 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. 2) Special Revenue Funds must be used for specific purposes, which are legally restricted or committed. 3) Enterprise Funds are meant to operate in a business manner, focusing on cost recovery. 4) The 10-year Capital Improvement Plan shows one-time purchases, generally over \$25,000, over the upcoming 10-year window.

The 2025 Budget includes a proposed balanced General Fund of \$21,860,776. The budget is considered balanced as revenues are equal to expenditures. Public safety, public works, and parks, recreation, and forestry account for approximately 66% of the General Fund. Sales Tax, Property Tax, and transfers account for approximately 82% of General Fund revenue.

Special Revenue / Debt Service Funds total \$12.4 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 capital projects in the Storm Drainage Fund of almost \$800,000 and increased revenues in the TIF #7 Fund related to development at South Main and 20th Street South. These funds are being used to reimburse the Capital Improvement Plan for project expenses and to strategically accumulate revenues for TIF #11, which includes a portion of TIF #7 within its boundaries.

Enterprise Funds total \$24.9 million for 2025. It is important to note all liquor pass-through revenues and expenses (approximately \$8.7 million) flow through the Liquor Fund. Solid Waste Collections and Disposal Funds will utilize contributed capital in 2025 to support initiatives outlined in the Solid Waste Master Plan.

The Capital Improvement Plan (CIP) maintains/replaces existing facilities, vehicles, and equipment. The 2025 CIP expenditures are proposed to be just over \$14 million. Debt service, street/airport, and parks/recreation account for approximately 60% of total CIP expenditures. 2nd Penny Sales Tax provides 78% of CIP revenue. Three downtown incentive programs totaling \$320,000 in economic development reserves are included in the 2025 budget. Further information on these programs will be presented to the Council at a subsequent meeting.

Major CIP projects planned for 2025 include various vehicle and equipment replacements in addition to annual street maintenance in the amount of \$3.6 million, an inclusive play project in the amount of \$900,000, the Public Works/Community Development office renovation in the amount of \$361,000, and the skate park renovation in the amount of \$315,000.

Legal Consideration:

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

Strategic Plan Consideration:

The 2025 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

Budget Detail