

City Council Agenda Memo

From: Jacob Meshke, Assistant City Manager

Council Meeting: July 14, 2020

Subject: Budget Workshop #1

Person(s) Responsible: Jacob Meshke, Assistant City Manager

Summary:

The City will host a series of budget workshops to ensure a transparent and engaging budget process. Budget Workshop #1 will focus on a budget overview, operating budgets, and outside agencies. Staff will present balanced and sustainable budgets to City Council.

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 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 will be held on July 14 and focus on a budget overview, operating budgets, and outside agencies. A second budget workshop will be held on July 28 to discuss the 10-Year Capital Improvement Plan and the Consolidated Fee Schedule. A third workshop date will be available on August 11 for any further budget discussion and clarification as desired by City Council.

The first reading of the budget ordinance is scheduled for August 25. 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 September 8. The September 22 City Council meeting date has been identified as a contingency date if a third reading of the budget ordinance is necessary.

Staff will break the budget down into four (4) primary components for 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 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.

Item Details:

Budget Workshop #1 will focus on a budget overview, operating budgets, and outside agencies. The proposed 2021 Budget is \$53,923,545, which is a decrease of \$1.2 million, or 2%, from the 2020 budget.

The budget includes a proposed balanced General Fund of \$16,826,047. 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 82% of General Fund revenue.

Special revenue/debt service funds total \$11.9 million. Project-heavy Storm Drainage and Special Assessment Funds in addition to the Swiftel Center account for 72% of special revenue/debt service fund expenditures.

Enterprise Funds total \$15.8 million for 2021. A significant change for the 2021 budget is that the liquor pass through (approx. \$6.8 million) will now be accounted for in the Liquor Fund as opposed to the General Fund. In total, Enterprise Funds are proposed to operate at a \$1.5 million surplus for 2021.

Legal Consideration:

None.

Strategic Plan Consideration:

The City of Brookings is committed to embracing sustainability and proactive, fiscally-responsible municipal government, which is embodied by balanced, transparent, and accountable budgeting.

Financial Consideration:

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

Options and Recommendation:

Budget Workshop #1 is informational and conversational in nature. City Council is encouraged to ask questions and engage in discussion.

Supporting Documentation:

1. Budget Presentation
2. Budget-In-Brief
3. Budget Detail Worksheets
4. Outside Agency Funding