

# City Council Agenda Memo

**From:** Erick Rangel, Chief Financial Officer

**Council Meeting:** August 23, 2022

**Subject:** Resolution 22-064: authorizing an Inter-fund Advance from the CIP Fund to the Special Assessment Fund

**Presenter:** Ashley Rentsch, Senior Finance Manager

## **Summary:**

When new projects are proposed, City of Brookings Staff analyzes unrestricted fund balances to determine financial feasibility. The Special Assessment Fund is unique, as it requires up-front funding for projects, which are then paid back by property owners based on the assessment terms as identified in the Special Assessment Policy. Payment in full could take several years following project completion. This resolution authorizes a \$121,000 advance from the Capital Improvement Plan (CIP) Fund to the Special Assessment Fund to cover these up-front costs until they are paid back.

## **Background:**

The City of Brookings rejected all bids for 2021 Special Assessment Projects due to higher than expected bids. This subsequently pushed the additional work to 2022, for which bids are currently in process. A significant portion of Special Assessment Fund reserves were utilized to finance the large 15<sup>th</sup> Street and 7<sup>th</sup> Avenue Improvement Project, decreasing the amount of cash available to front the costs of annual special assessment projects and necessitating an inter-fund advance from the CIP Fund to cover these costs.

## **Item Details:**

The most recent budget amendment, Ordinance 22-029, authorized an increase in special assessment expenditures of \$121,000 to account for the additional work not completed in 2021. With the addition of these estimated expenditures to the budget, the Special Assessment fund will require additional funds to maintain a positive cash balance to pay for related expenditures. The CIP Fund has sufficient cash to provide an advance, which will be paid back in subsequent years as property owners make payments to the City for work performed.

## **Legal Consideration:**

None.

## **Strategic Plan Consideration:**

This action supports fiscal responsibility ensuring that the Special Assessment Fund has sufficient resources to meet obligations for planned projects.

**Financial Consideration:**

This action authorizes an advance from the CIP Fund to the Special Assessments Fund for \$121,000. Annual special assessment revenues generated from these projects will be paid back to the CIP Fund until the advance is paid back in full, no later than December 31, 2028.

**Options and Recommendation:**

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a Study Session
5. Discuss / take no action / table

Staff recommends approval of the resolution as presented.

**Supporting Documentation:**

Memo

Resolution