

City Council Agenda Memo

From: Jacob Meshke, Assistant City Manager

Council Meeting: July 28, 2020

Subject: Budget Workshop #2

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 #2 will focus on the 10-Year Capital Improvement Plan (CIP) and Consolidated Fee Schedule.

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

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

Staff has broken 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 #2 will focus on the 10-Year Capital Improvement Plan and Consolidated Fee Schedule. The proposed 2021 Budget is \$53,968,114, which is a decrease of \$1.2 million, or 2%, from the 2020 budget. This total budget did increase by about \$40k from the first workshop with the finalized, proposed CIP. The current CIP maintains/replaces existing facilities, vehicles, and equipment while providing no additions.

The 2021 CIP expenditures are proposed to be \$9.3 million. Debt service, street/airport, and parks/recreation account for approximately 86% of the total CIP expenditures. Second penny sales tax contributes 73% of CIP revenue. City staff will recommend utilizing \$1.4 million of City Council Priority Funding for the 2021 CIP to account for increased facility projects and ensure the long-term sustainability of the CIP. At a February 2020 study session, City Council was presented with a recommendation to utilize \$1.7 million of Priority Funding for a similar purpose. Staff was able to reduce this requested contribution through further analysis, project timing, and an alternative revenue source for LED lighting conversion.

Major projects for 2021 include Library HVAC repairs, annual street overlay and chip seal projects, and vehicle/equipment replacement. While the CIP is balanced through 2023, strategic decisions will be needed in the future with a nearly \$1 million annual payment from 2022 - 2027 for the Performing Arts Center, aging Police facility, and widespread maintenance needs of existing City facilities.

Several new fees have been added and adjustments made to the Consolidated Fee Schedule. Noteworthy changes include airport fees, increases to building permits, and increase to court costs as adopted by the state which go to the state.

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 #2 is informational and conversational in nature. The City Council is encouraged to ask questions and engage in discussion.

Supporting Documentation:

1. Presentation
2. Budget-In-Brief
3. 10-year Capital Improvement Plan
4. Consolidated Fee Schedule