

City Council Agenda Memo

From: Paul Briseno, City Manager

Council Meeting: August 18, 2020

Subject: School Funding

Person(s) Responsible: Paul Briseno, City Manager

Summary:

At the July 28th meeting, City Council requested the funding of the Brookings School District as an outside agency on a future Study Session. Staff has prepared a historical understanding of the funding. Since 1989, the City has provided an estimated \$7.7 million to the Brookings School District. Though staff proposed cutting General Fund operations over the past two years at \$1.5 million to provide a balanced budget, there was no recommended reduction for the school funding request.

Background:

In 1989, Brookings Municipal Utilities (BMU) agreed to make a specific transfer from the Electric and Telephone Fund through the City to the School District. This transfer ranged from \$102,000 to \$605,000 at the max. In 1994, BMU dissolved its Telemarketing Division and granted a greater transfer, which increased the annual funding for one year. Every year BMU would make the intended transfer with a specific resolution. The transfer occurred from 1989-1996. BMU no longer makes an explicit transfer from its utilities to the School District.

There are varying understandings that the funds were a payment in lieu of taxes or the School District needed funds and the Telephone Fund had an abundant resource. To date there are no known cities which own Electric Utilities which transfer funds to the School District. Since the mid 1990's the Telephone Utility has transitioned into a less than profitable industry with the advancements of competing cell phone companies. Therefore, the revenue source has decreased.

The City of Brookings General Fund is the source for the School District funding as an outside agency. A quick search shows over the past ten (10) years, the city has granted annual funding of \$207,200 - \$195,000. This is approximately \$2 million over the past ten (10) years. Its assumed the total amount funded to the School District since 1989 is \$7.7 million or more.

The Governance and Ends Policy does note the City Council can transfer up to 15% of the BMU transfer to the School District. However, this does not mean the City Council is obligated to fund this percentage. Additionally, no prior City Council can bind the

current City Council to such policy, unless the existing legislative body determines it appropriate.

Discussion:

The 2021 Brookings School District funding request is \$207,200. This request is specifically for three (3) Junior Kindergarten Classes (one at each K-3 School). Jr. Kindergarten prepares students for kindergarten readiness. The program is for students who are at least five (5) years old and are not quite yet ready for kindergarten.

City staff prepared the 2021 Budget with the recommendation of \$195,000. Should the City Council increase the funding, a cut to the already reduced General Fund will need to be made. Should the City Council reduce funding to the School District, the funds can be utilized for other programs. Key factors when discussing this topic:

- All General Fund operations were cut \$1.5 million over the past two years
 - Staff recommended the School District funding remain untouched at \$195,000.
- City Council funds the School District request from the General Fund
- BMU does not identify or require a specific transfer to the School District
 - The specific transfer from BMU stopped in 1996
 - BMU does make a specific transfer to EDC
- No other town with a city-owned electric makes a transfer to the School District
- The School District does receive a 10% electric rate discount
- 2021 the School District made a specific program funding request

This item is brought to a Study Session as a request of the City Council.

Legal Consideration:

None.

Financial Consideration:

All outside agencies are funded from the General Fund.

Supporting Documentation:

1. BMU Historical Funding
2. School District Application