

City Council Agenda Memo

From: Jacob Meshke, Assistant City Manager

Council Meeting: August 25, 2020 / September 22, 2020

Subject: 2021 Budget Ordinance

Person(s) Responsible: Paul M. Briseno, City Manager

Summary:

The City of Brookings adopts a budget on an annual basis. A series of workshops were held to ensure a transparent and engaging budget process. Staff presents a balanced and sustainable proposed 2021 Budget of \$53,988,116, which is a decrease of \$1.2 million, or 2%, from the 2020 budget.

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 held a series of workshops. Budget Workshop #1 was held on July 14 and focused on a budget overview, operating budgets, and outside agencies. The second budget workshop on July 28 discussed the 10-Year Capital Improvement Plan and the Consolidated Fee Schedule. The Consolidated Fee Schedule was adopted by resolution at the August 11 City Council meeting.

The first reading of the budget ordinance is scheduled for August 25. The second reading of the budget ordinance and adoption of the 10-Year Capital Improvement Plan 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 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 shows 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:

The proposed 2021 Budget is \$53,988,116, 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.

The Capital Improvement Plan (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. 73% of CIP revenue comes from 2nd penny sales tax. City staff recommends 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.

Legal Consideration:

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

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:

The City Council has the following options:

- Approve as presented
- Amend
- Deny
- Refer to a Study Session.
- Do Nothing

Staff recommends approval of the ordinance as presented.

Supporting Documentation:

Ordinance

Budget Worksheets

Budget-in-Brief