

City Council Agenda Memo

From: Jacob Meshke, Assistant City Manager

Council Meeting: September 14, 2021

Subject: Budget Workshop #1

Person(s) Responsible: Jacob Meshke, Assistant City Manager
Erick Rangel, Chief Financial Officer

Summary:

The City will host a series of budget workshops to ensure a transparent and engaging budget process. Budget Workshop #1 will focus on budget context, 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 September 14 and focus on budget context, a budget overview, operating budgets, and outside agencies. A second budget workshop will be held on September 28 to discuss the 10-Year Capital Improvement Plan and the Consolidated Fee Schedule. A third workshop date will be available on October 12 for any further budget discussion and clarification as desired by City Council.

The first reading of the budget ordinance is scheduled for October 26. 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 November 9.

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.

A change for the 2022 budget process is timing. The City is taking advantage of a new state law that allows for delaying the budget process until later in the year. The additional time provides staff further opportunity to analyze revenue and expenditure trends, which allows for more accurate budget forecasting. To accommodate the later adoption of the budget ordinance, the property tax levy comes before City Council as a separate ordinance for first reading on August 24 and second reading on September 14.

Item Details:

Budget Workshop #1 will focus on budget context, a budget overview, operating budgets, and outside agencies. The proposed 2022 Budget is \$52,780,431, which is a decrease of \$1.1 million, or 2%, from the 2021 adopted budget.

The budget includes a proposed balanced General Fund of \$17,469,752. The budget is considered balanced as revenues are equal to expenditures. Public safety, public works, and parks, recreation, and forestry account for approximately 74% of the General Fund. Sales Tax, Property Tax, and Transfers account for approximately 83% of General Fund revenue.

Special revenue/debt service funds total \$8.7 million, which is a decrease of \$3.2 million, or 27% from the adopted 2021 budget. The primary drivers of the decrease were the storm drainage and special assessment funds, which are down a combined \$4 million due to major projects in 2021. There were increases to BBB and Pillow Tax expenditures as a result of a recovering economy. The E-911 budget increased by approximately \$200k to account for the additional dispatcher positions.

Enterprise Funds total \$17.4 million for 2022. Enterprise Fund expenditures increased by \$1.6 million from 2021, or 10.1% from 2021. Increases were driven by the Liquor Store, Landfill, and Airport. Landfill increases are driven by project timing, equipment and grounds maintenance, and increasing costs of service provision. Airport increases are related to project timing. The Liquor Store increase is driven by product purchases, which is offset by projected increased revenue. In total, Enterprise Funds are proposed to operate at a \$666k surplus for 2022.

Legal Consideration:

None.

Strategic Plan Consideration:

The annual budget addresses all five (5) focus areas of Fiscal Responsibility; Safe, Inclusive, Connected Community; Service and Innovation Excellence; Sustainability; and, Economic Growth as the budget serves as a policy tool, operations guide, financial plan, and communications device for all aspects of City operations.

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:

Budget Presentation

Budget-in-Brief

Budget Detail

Outside Agency Funding