

City Council Agenda Memo

From: Jacob Meshke, Assistant City Manager

Council Meeting: September 28, 2021

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. 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 was held on September 14 and focused 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 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.

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.

The City of Brookings charges fees to offset operational expenses and ensure the financial sustainability of programs and services. Staff aggregated all City fees into the Consolidated Fee Schedule, which was adopted by City Council as part of the 2021 Budget process. As part of the annual budget process, staff completes a thorough review of all City fees to ensure they are up-to-date and aligned with the market.

Item Details:

Budget Workshop #2 will focus on the 10-Year Capital Improvement Plan and Consolidated Fee Schedule. The proposed 2022 Budget is \$52,780,431, which is a decrease of \$1.1 million, or 2%, from the 2021 Adopted Budget. The current CIP maintains/replaces existing facilities, vehicles, and equipment.

The 2022 CIP expenditures are proposed to be \$9.3 million. Debt service, street/airport, outside agencies, and parks/recreation account for approximately 84% of the total CIP expenditures. Seventy-four percent (74%) of annual CIP revenue comes from 2nd penny sales tax. One million one-hundred thousand dollars (\$1.1 million) of City Council Priority Funding will be used for the 2022 CIP to account for increased facility projects and promote the long-term sustainability of the CIP.

Major projects for 2022 include Street Overlay and Chip Seal, McClellans Park Playground Equipment Replacement, Library Facility Improvements, and public safety and street equipment replacement. Through the use of reserves and carryover, the CIP is balanced through 2026. In large part, the use of reserves is necessitated to balance the CIP due to the approximate \$1 million commitment to outside agencies from 2022 to 2027. Strategic decisions will need to be made in the coming years to address projected shortfalls beginning in 2027.

Proposed fee schedule changes for include residential building permit fees, picnic shelter reservations, and landfill tipping fees.

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

Supporting Documentation:

10-year Capital Improvement Plan

Budget-in-Brief

Presentation