

City Council Agenda Memo

From: Paul Briseno, City Manager

Council Meeting: September 28, 2021

Subject: 2022 Outside Agency Funding & Scholarship Program

Person(s) Responsible: Paul Briseno, City Manager

Summary:

At the September 14th budget session, 2022 proposed outside agency funding was presented. Council discussed appropriate levels of many entities and had questions of specific organizations. Adding this item to the agenda grants Council additional time to discuss the proper 2022 funding levels further.

A local scholarship program for Brookings area students is a program that was discussed previously. A Council discussion should occur on this topic. If approved, staff recommends a five-year commitment to be funded by Liquor Store reserves.

Background:

Annually staff presents the recommended outside agency funding through the budget process. This funding has evolved over the years.

Economic development agencies are funded predominantly from 3B (1% on hotels, alcoholic beverages, and boarding) and pillow tax. These entities include Visit Brookings, Brookings Economic Development Corporation, Brookings Chamber, Visitor Promotion, and the Fourth of July fireworks display. The South Dakota State University Performing Arts Center payment, Hospital and Arts Commission funding is paid through the 1% Capital Improvement Plan sales tax.

All other outside agency requests are paid through the general fund and compete with department operating requests. These outside agencies include the Research Park, School District, Humane Society, Arts Council, Humanities Council, Community Band, Farmers Market, and Social Services agency funding. The Farmers Market and Research Park are traditionally economic development endeavors. However, the 3B and Pillow tax revenue cannot support these expenditures.

Item Details:

Staff recommends the following 2022 outside agency recommendations:

\$1,857,118 Economic Development Agency Funding
\$ 673,000 Social Services/City Related Funding

The total 2022 outside agency funding recommendation is \$2,530,118. In 2021 Council committed 1,418,196 to outside agency funding. This is an increase of \$1,111,922 and is attributed to the impact of the Performing Arts Center and Hospital payments. The City is committed to these outside agency Capital payments for the next six (6) years.

Further discussion is desired on a potential scholarship program for local Brookings area students. If Council desires such a program, a recommended five (5) year commitment is suggested with funding dedicated from the Liquor Store reserves. Each year approximately \$100,000 could be committed to the South Dakota State University Foundation through an agreement. A requested match is desired to multiply the City's commitment if possible. Such a program would reduce the cost for local families, solidify support towards South Dakota State University and secure a brighter future with additional educational opportunities for the Brookings area. The Council should discuss if such a program is desired, program details, and economic impact study. Funding for such a program is available. Peer college towns have similar programs if additional information is desired.

Legal Consideration:

None.

Strategic Plan Consideration:

The annual outside agency funding recommendation aligns with the Council's strategic initiatives: fiscal responsibility, safe, inclusive, connected community, and economic growth.

Financial Consideration:

The recommendation is part of a balanced budget recommendation. The Council changes to any agency should be countered with a respective shift to another agency.

Options and Recommendation:

This item is presented for Council direction. The official budget hearings will be forthcoming.

Supporting Documentation:

1. Proposed 2022 Outside Agency Funding