

City Council Agenda Memo

From: Ashley Rentsch, Deputy Finance Manager

Council Meeting: October 26, 2021 / November 9, 2021

Subject: Ordinance 21-039 – Supplemental Appropriation No. 5 to the 2021 Budget

Person(s) Responsible: Erick Rangel, Chief Financial Officer; Jacob Meshke, Assistant City Manager; Paul Briseno, City Manager; Dusty Rodiek, Director of Parks, Recreation & Forestry; Jared Thomas, Chief Building Official

Summary:

City of Brookings staff continually monitors departmental budgets and brings amendments to the City Council as necessary to account for circumstances not anticipated in the originally adopted appropriation ordinance. This ensures compliance with state and local laws and maintains transparency regarding the City's operational needs. This five-part budget amendment recognizes grant revenues from the American Rescue Plan Act and related expenditures, provides for the preliminary design and engineering of the Brookings County Food Pantry, establishes funding for a City photo library, and increases the budget for necessary building repairs and maintenance in the Brookings Arts Council and City/County Buildings.

Background:

Part 1: Recognizes receipt of the first tranche of American Rescue Plan (ARP) funds in the amount of \$2,183,026.04 and increases budget authority by \$250,000 for ARP-related expenditures to be incurred before December 31, 2021.

Part 2: Transfers \$300,000 of committed City Council Priority Projects funds to the Brookings County Food Pantry Capital Project Fund and allocates budget authority for consulting and engineering and furniture and equipment.

Part 3: Increases budget authority by \$5,000 in the Promotion of City account in the 3rd B Tax Fund for costs associated with creating a library of City of Brookings photos. This initiative will be funded with 3rd B Tax Fund reserves.

Part 4: Transfers \$68,260 in cash and budget authority from the Buildings account in the Capital Improvements "Sinking" Fund to the Recreation Department Furniture & Equipment account in the General Fund for the elevator replacement at the Brookings Arts Council building.

Part 5: Transfers \$25,000 in cash and budget authority from the Buildings account in the Capital Improvements Fund to the City/County Building Maintenance account in the General Fund for the City's portion of costs associated with the air conditioner breakdown during the summer.

Item Details:

Part 1: The City of Brookings has received an allocation of \$4,366,052.08 in American Rescue Plan (ARP) funds to be paid in two equal tranches. The first tranche was received on September 22, 2021, and the second tranche will be paid in one year. These funds are intended to cover costs incurred from March 3, 2021 through December 31, 2024. Annual reporting on the use of these funds is due April 30, 2022. Expenditure categories include: public health, negative economic impacts, services to disproportionately impacted communities, premium pay, infrastructure, revenue replacement, and administrative costs. The City is anticipating an additional \$250,000 in budget authority will be needed to cover ARP-related expenditures through December 31, 2021. These expenditures include \$10,000 for conference room upgrades, \$20,000 for consultant fees, \$10,000 for masks, \$20,000 for employee vaccination incentives, \$60,000 for community vaccination incentives, \$30,000 for IT/phone upgrades, and \$100,000 for miscellaneous expenditures. These revenues and expenditures are incremental to the 2021 budget.

Part 2: The State of South Dakota has approved a Community Development Block Grant (CDBG) to the City of Brookings in partnership with the Brookings Area United Way for the construction of the Brookings County Food Pantry. The City will manage this project. Three hundred thousand dollars (\$300,000) has been committed to this project from the City Council Priority Projects Fund. These funds will be used for non-grant activities such as design and furnishings. The grant funding will be paid by the State on a reimbursement basis, and a subsequent budget amendment will be brought to the Council when the construction project commences. This is incremental to the 2021 budget.

Part 3: The City of Brookings has recently made an agreement with three local photographers to develop a library of City of Brookings photos. This project promotes the City with partnerships including the BEDC, Chamber and CVB. Thus, a \$5,000 increase in budget authority is being requested from the Promotion of City account in the 3rd B Tax Fund. This initiative provides a cost-effective and efficient way for the City, as well as outside agencies, to access a large library of photos. Each entity will purchase licenses separately for their desired photos. This is incremental to the 2021 budget.

Part 4: The elevator at the Brookings Arts Council building is in need of replacement. The contract price for the elevator is \$38,330 from Access Elevator & Lifts, Inc. Clark Drew Construction has quoted \$29,930 for the installation; anticipating a total project cost of \$68,260. This is a transfer of budget authority between accounts and is not incremental to the 2021 budget.

Part 5: The City/County building's air conditioner was out of service for a period of time during the summer of 2021. During this time, a rental chiller was in place and other costs associated with this outage were incurred. The City shares costs with the County at a rate of 48% and 52%, respectively. The City's portion of the additional costs incurred during the air conditioning outage is approximately \$25,000. The City and County have entered an insurance claim that may offset these costs. This is a transfer of budget authority between accounts and is not incremental to the 2021 budget.

Legal Consideration:

State law (SDCL 9-21-7) and the City Charter (4.06(a)) permit supplemental appropriations provided there are sufficient funds and revenues available to pay the appropriation when it comes due.

Strategic Plan Consideration:

This Ordinance supports Fiscal Responsibility by ensuring the City obtains budget authority and transfers cash as necessary to meet appropriations.

Financial Consideration:

This budget amendment recognizes a total of \$2,183,026.04 in incremental grant revenues, \$555,000 in incremental expenditure budget authority, and \$93,260 in transfers of budget authority from the Capital Improvements "Sinking" Fund to the General Fund. Of the incremental expenditure increases, \$250,000 will be funded by the American Rescue Plan Act, \$300,000 will be funded by the City Council Priority Projects Fund, and \$5,000 will be funded by 3rd B Tax Fund reserves.

Options and Recommendation:

The City Council has the following options:

1. Approve as presented
2. Deny
3. Move the item to a study session
4. Do nothing

Staff recommends approval of the ordinance as presented.

Supporting Documentation:

Memo
Ordinance
Presentation