



City of Brookings

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Legislation Text

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Discussion on Brookings School District Funding through the City Subsidy process.

Summary:

At the July 28th meeting, City Council requested the funding of the Brookings School District as an outside agency on a future Study Session. Staff has prepared a historical understanding of the funding. Since 1989, the City has provided an estimated \$7.7 million to the Brookings School District. Though staff proposed cutting General Fund operations over the past two years at \$1.5 million to provide a balanced budget, there was no recommended reduction for the school funding request.

Background:

In 1989, Brookings Municipal Utilities (BMU) agreed to make a specific transfer from the Electric and Telephone Fund through the City to the School District. This transfer ranged from \$102,000 to \$605,000 at the max. In 1994, BMU dissolved its Telemarketing Division and granted a greater transfer, which increased the annual funding for one year. Every year BMU would make the intended transfer with a specific resolution. The transfer occurred from 1989-1996. BMU no longer makes an explicit transfer from its utilities to the School District.

There are varying understandings that the funds were a payment in lieu of taxes or the School District needed funds and the Telephone Fund had an abundant resource. To date there are no known cities which own Electric Utilities which transfer funds to the School District. Since the mid 1990's the Telephone Utility has transitioned into a less than profitable industry with the advancements of competing cell phone companies. Therefore, the revenue source has decreased.

The City of Brookings General Fund is the source for the School District funding as an outside agency. A quick search shows over the past ten (10) years, the city has granted annual funding of \$207,200 - \$195,000. This is approximately \$2 million over the past ten (10) years. Its assumed the total amount funded to the School District since 1989 is \$7.7 million or more.

The Governance and Ends Policy does note the City Council can transfer up to 15% of the BMU transfer to the School District. However, this does not mean the City Council is obligated to fund this percentage. Additionally, no prior City Council can bind the current City Council to such policy, unless the existing legislative body determines it appropriate.

Fiscal Impact:

All outside agencies are funded from the General Fund.

Attachments:

Memo
BMU Historical Funding
School District Application