

General Fund

General Fund

2009 Adopted Budget

Purpose: The General Fund is the principal financial support for such basic city services as the police and fire departments, parks and recreation, and general government operations (i.e., Mayor and City Council, human resources, financial services and other support services). The major financing sources for this fund are property taxes, local government aid, franchise fees, and other revenues not dedicated to a specific purpose. The tables and graphs on the following pages detail the General Fund's adopted 2009 spending and financing plan.

Financing Highlights:

The major financing sources for this fund are:

- ❖ Property taxes – 29.6%
- ❖ State aids (incl. Local Government Aid) – 35.1%
- ❖ Franchise fees – 12.2%
- ❖ Other revenues, aids, and user fees – 23.1%

Certified Local Government Aid (LGA): Although the amount of Local Government Aid has been lower and less predictable since the state aid cuts that began in mid-2003, the state legislature increased the LGA appropriation for the first time since 2006. Saint Paul's 2009 share is certified at \$62.6 million, which is an increase of \$5.8 million over the certified amount for 2008. Since 2004, LGA has been allocated between the City budget and the Independent Library Agency's budget.

Property Tax Levy: Financing for the adopted budget includes a total certified levy increase of \$6.6 million over 2008 to fund City operations and service debt. (This will yield about \$6.48 million in new budget financing.) The total certified levy amount is \$89.3 million, about 69% of that will finance General Fund operations and 19% is for the Library Agency. The remainder is used for City debt service or is levied on behalf of the St. Paul Port Authority.

Fund Balance: Historically, dollars from the City's fund balance

had been used to finance past budgets and avoid an increase in the City's property tax levy. In 2005, the City's bond raters cautioned against further use of fund balance to finance current services, as the City was approaching a benchmark statistic for percent of fund balance on hand compared to the General Fund budget. The 2009 City budget does not use fund balance as a financing source and is projected to comply with the minimum levels required by the adopted fund balance policy.

City Franchise Fees: The estimated 2009 financing level will rise slightly. There is a small projected increase due to normal growth related to the Xcel franchise agreement and deferred franchise fees from District Energy.

General Fund Interest Earnings: Interest estimates are projected to decrease in 2009 due to expected investment pool balances and interest rates.

Paramedic Fees: The adopted budget for 2009 includes increases in transport fees (10%), mileage charge for transports (\$4), and EMS standby (\$30). The budget also includes a new EMS automation service fee (\$4).

Spending Highlights:

Rate of Growth: Saint Paul's general fund budget as adopted will increase by \$15,224,659, or 8.3%, from \$182,430,768 in 2008 to \$197,655,427 in 2009. Growth in spending for 2009 is primarily driven by inflation, resulting in higher costs to continue services at 2008 levels, and the planned addition of new public safety personnel. Approximately \$3.9 million in spending (including new public safety personnel) has been placed in contingency to address unanticipated revenue shortfalls in the coming year.

Wage Increases: Salaries and benefits are the most significant cost in the City's operating budgets. The 2009 budget includes

contracted increases in salaries and the anticipated growth in the city costs of employee insurance and other fringes.

City Council/City Clerk: The adopted budget for 2009 is \$2,946,606, which reflects an overall increase of \$148,192 or 5.3% over 2008. This budget recognizes a district council liaison added during the 2008 budget process which was budgeted at that time in the General Government Accounts. For 2009 this position is permanently being budgeted in the City Council/City Clerk Budget. It also recognizes costs associated with beginning implementation of a “paperless” Council Agenda process where all Council Meeting agendas will be accessed online, eliminating the need for paper copies.

City Attorney: The adopted general fund budget is \$6,399,367, a 6.4% increase from the 2008 adopted budget. The budget adds one additional prosecutor position to the general fund, which will allow the City Attorney to expand the scope of its nationally-recognized community prosecution program and other public safety initiatives such as elder and domestic abuse prosecutions.

Emergency Management: The adopted general fund budget is \$250,723, a 38% increase over the 2008 adopted budget. This increase is largely due to the transfer of 0.9 FTE of the Emergency Management Coordinator, which was funded by grant revenue in 2008, into the general fund. The adopted Emergency Management general fund FTE count is 2.0 FTE.

Financial Services: The Office of Financial Services (OFS) general fund adopted budget is \$1,931,503, which is a decrease of \$71,213 from the 2008 budget. The decrease is primarily due to the transfer of Contracts and Analysis Services into the newly created Human Rights and Equal Economic Opportunity (HREEO) department. The adopted general fund budget places funding for a citywide grants manager and a financial services manager into Mayor’s contingency in order to monitor the impact of current economic conditions on city revenue.

Fire & Safety Services: Fire’s adopted general fund budget for 2009 is \$51,161,056, and is up \$4,342,142, or 9.2% from the 2008 adopted budget. The budget includes funding in

2009 for a firefighter test, increased motor fuel costs, medical supplies, vehicle maintenance, and increased staffing costs. The budget also provides adequate funding for projected worker’s compensation costs and department overtime. The department’s adopted budget includes an increase in paramedic transport fees, EMS standby fees and a new EMS automation service fee. FTEs in the adopted general fund budget are 441.2, an increase of 1.6 FTE from the 2008 adopted amount of 439.6. This change reflects the addition of 2 firefighters for approximately 85% of the year. These new firefighters will help the department move from a 113 to 115 daily staffing level. The budget places funding for the personnel increases into Mayor’s contingency in order to monitor the impact of current economic conditions on city revenue.

General Government Accounts: The adopted budget is \$7,393,068, which is an increase of \$390,658 or 5.6%. Significant changes include a total of \$1,252,921 placed into contingency, as well as the removal of a one-time increase in 2008 for the Civic Organization Partnership Program (COPP). Spending increases of \$108,000 for City Hall/Courthouse building improvements and \$75,000 for outside legal counsel are also included.

Human Resources: The adopted general fund budget for Human Resources is \$3,422,423, up \$260,637, or 8.2% from the 2008 adopted budget. \$167,095 of this increase will cover HR’s costs to administer a Fire Fighter entrance exam scheduled for 2009. General fund staff levels have remained at the 2008 adopted level of 31.3 FTEs.

Human Rights and Equal Economic Opportunity: The adopted budget includes the creation of this new department which includes combining prior departments/divisions including Human Rights, Contract Analysis Services, River Print, and Minority Business and Workforce Development. The adopted general fund budget totals \$1,353,742.

Mayor’s Office: The Mayor’s Office budget for 2009 is \$1,577,488, which is a 6.5% increase over the 2008 adopted budget. The adopted budget includes restoring cost associated with .8 FTEs that were paid from Central Corridor grants dollars in

2008 and were previously budgeted in the Planning and Economic Development budget.

Parks: The Parks and Recreation general fund budget is \$27,189,480, which is \$1,669,979 or 6.5% more than the 2008 adopted budget. The budget includes increases for staffing at the Oxford Community Center complex, as well as \$150,000 for the Como Circulator program, which is expected to leverage \$1.1 million in federal grants over 3 years. Also, \$900,000 in one-time resources are adopted for general capital maintenance and to complete capital projects, including field work at the Oxford Community Center. The adopted budget places funding for the personnel increases into Mayor's contingency in order to monitor the impact of current economic conditions on city revenue.

Police: The adopted general fund budget for the Police Department is \$76,256,271, compared with \$71,425,110 in 2008, which represents an increase of \$4,831,161, or 6.8%. The adopted budget allows for funding of regular salaries and fringes for 630 sworn personnel in 2009, which represent a gain of 14.0 FTE over 2008. The number of sworn positions to be budgeted in the general fund is 602.4, up from 582.8 in 2008, 569.2 in 2007 and 540.6 in 2006. The adopted general fund budget places funding for these new officers into Mayor's contingency in order to monitor the impact of current economic conditions on city revenue. Other increases included in this budget include: approximately \$186,000 more for firearms range equipment, \$387,000 for overtime to ensure a full complement of sworn personnel and \$85,000 in funding to purchase unmarked police cars. An appropriate amount of savings reflecting turnover from senior- to entry-level officers due to normal retirement patterns is also recognized.

Public Works: The 2009 adopted general fund budget for Public Works is \$1,765,560, a 5.3% increase from the 2008 adopted budget of \$1,677,291. This increase includes a new bicycle coordinator at a cost of \$65,000, the funding for which was placed into Mayor's contingency in order to monitor the impact of current economic conditions on city revenue.

Safety and Inspections (DSI): The DSI general fund budget includes animal control, code enforcement, vacant building

monitoring, information and complaint and fire inspections. The total adopted budget for 2009 is \$6,326,778 or \$1,859,489 over the 2008 adopted budget. Significant changes include recognizing new vacant building monitoring and code compliance revenue totaling \$1,312,000, which is used to fund staff resources shifted from the License and Permit fund to assist with the management of the vacant building program. Two fire aides are also added to augment the fire certificate of occupancy program.

Technology and Communications: The adopted general fund budget is \$9,052,505, an increase of \$417,516 or 4.8% from the 2008 adopted budget. The increase is related to several factors including the transfer of a Geographic Information Systems (GIS) position from the Parks Department; the addition of an IT Support Specialist to enhance security; and higher PC lease costs due to the reenrollment of Public Works in the PC replacement program. The changes result in a net increase of 2.0 FTEs. The adopted budget places funding for the personnel increases into Mayor's contingency in order to monitor the impact of current economic conditions on city revenue.

The Independent Library Agency: Beginning in 2004, the Saint Paul Public Library became an independent agency, separate from Saint Paul City government. The Library Agency publishes a separate budget book.

Budget Issues and Challenges

Property Tax Base

Saint Paul has a local property tax base that largely consists of residential properties, including both owner-occupied and rental units. Sixty percent (60%) of the City's total local property tax levy (excluding fiscal disparities) falls on residential property. This is due, in part, to the tax-exempt status of educational, medical and state government institutions, which are exempted entirely from contributing to the City property tax levy.

During much of the past decade, rapid inflation in home values has pushed up the share of taxes falling on homeowners and renters (through their rent payments). However, a recent decline

in residential property values has been accompanied by relatively stable commercial property values, which is expected to result in a shift of the share of local property tax back toward commercial properties in 2009.

State Budget Instability and Unpredictability of LGA and Other Policies

Local Government Aid (LGA) is a significant revenue source for the City's general fund, accounting for 32% of general fund revenues. While the total share of the city budget dependent on state payments has dropped since 2003, the future of state LGA remains a key variable in the City's ability to provide basic services. During the 2008 legislative session, the State Legislature increased its LGA appropriation by \$42 million, which resulted in a \$5.8 million increase in revenue for Saint Paul in 2009. The legislature also enacted measures to increase the predictability of LGA appropriations to each municipality. Both changes came as welcome news for City officials after years of LGA reductions or unpredictable aid projections.

However, the future of local government aid and the stability of the state-local fiscal relationship remains cloudy. At the end of 2008, the State withheld \$5.7 million of Saint Paul's 2008 LGA payment, and the possibility of future reductions appears likely. Additional reductions in state aid will place current levels of public service delivery at risk, as well as place a disproportionate burden on property taxpayers to fund basic services like public safety, parks and libraries. The City responded to this instability by placing \$3.9 million of new spending into contingency.

Cost Pressures

The costs the City bears as an employer (wages, benefits, workers' compensation, etc.) compete for service delivery dollars. The City must continue to find ways to prudently and responsibly manage these costs in order to maintain service delivery levels, the quality of our workforce and the integrity of the City's finances. The largest General Fund expense is employee wages and benefits – 80.2% of all General Fund spending is for personnel costs. Negotiated cost of living increases and health and retirement benefit increases added \$6.2 million to the 2009 General Fund budget.

Maintaining Adequate Financial Reserves

From 1994 through 2006, the City has allocated resources from its General Fund balance to finance a share of the annual operating budget as a means to avoid the need for an increase in the property tax levy. This has been a planned management strategy to hold down property taxes and bring the city property tax burden back into line with surrounding communities, and it has been successful. Saint Paul's property tax ranking among metro cities dropped from first in 1991 to as low as 63rd in the most recent survey.

This practice has also resulted in a gradual reduction of the General Fund balance from its peak of \$49.4 million in 1998 to approximately \$34.98 million at the end of 2007. In 2006, the City enacted a fund balance policy mandating that the General Fund's balance be at least 15% of combined General Fund and Library operating spending. The 2007 year-end level of reserves represents 17.1% of these planned 2009 expenditures. No general fund balance is planned to be spent in the 2009 budget.

General Fund Budget

General Fund Balances					
(Revenues & Sources and Expenditures & Uses of Funds)					
	2005	2006	2007	2008	2009
	Actual	Actual	Actual	Adopted Budget	Adopted Budget
Beginning Balances	33,840,384	27,254,757	30,272,574	34,979,592	34,979,592
Revenues and Sources					
Transfers In	13,381,951	19,692,272	17,651,528	17,730,693	22,000,182
Property Taxes	42,990,712	46,014,519	46,624,315	54,135,201	56,944,136
Other Taxes	823,080	844,984	884,298	2,918,760	1,634,000
Licenses and Permits	876,144	925,299	955,820	928,200	896,013
Intergovernmental	57,473,669	63,746,052	63,829,793	63,525,444	69,301,209
Fees, Sales and Services	14,475,067	14,903,307	15,804,689	16,012,612	19,577,504
Franchise Fees	18,559,769	18,524,266	22,127,647	22,251,500	22,906,342
Interest Earned:					
On Investments	3,273,640	3,381,982	3,798,214	3,520,500	2,690,034
On Securities Lending Transactions - (a)	4,157,792	6,821,378	6,242,385	0	0
Inc (Dec) in Fair Market Value of Investments	(1,043,290)	17,905	818,105	0	0
Miscellaneous	1,397,396	1,056,559	4,891,433	1,407,858	1,706,007
Total	<u>156,365,930</u>	<u>175,928,523</u>	<u>183,628,227</u>	<u>182,430,768</u>	<u>197,655,427</u>
Expenditures and Uses (b)					
Attorney	5,318,128	5,616,443	5,840,353	6,015,776	6,399,367
City Clerk (c)	695,279	534,010	230,026	0	0
Council	2,193,535	2,355,730	2,311,169	2,798,414	2,946,606
Emergency Management	0	0	0	182,181	250,723
Fire and Safety Services (c)	41,948,414	44,724,660	44,721,035	46,818,914	51,161,056
General Government Accounts - Miscellaneous	10,655,068	11,929,660	10,261,686	7,002,410	7,393,068
Libraries	0	0	0	0	0
Executive Administration (d) (g)	7,376,299	7,412,110	6,850,318	7,220,036	6,931,414
Human Rights and Equal Economic Opportunity (g)	0	0	0	0	1,353,742
Neighborhood Housing and Property Improvement (c)	3,037,237	4,185,299	0	0	0
Parks & Recreation	23,085,748	24,172,293	24,635,610	25,519,501	27,189,480
Planning and Economic Development (g)	86,073	0	0	0	0
Police	60,931,291	64,722,404	68,617,503	71,425,110	76,256,271
Public Works	2,103,283	1,537,719	1,505,423	1,677,291	1,765,560
Safety and Inspection (c)	0	0	6,039,529	5,136,146	6,955,635
Technology	5,521,203	7,133,635	7,908,557	8,634,989	9,052,505
Fringe Benefits	0	0	0	0	0
Interest on Securities Lending Transactions - (a)	0	0	0	0	0
Total (e)	<u>162,951,558</u>	<u>174,323,963</u>	<u>178,921,209</u>	<u>182,430,768</u>	<u>197,655,427</u>
Ending Balance					
Reserved	4,187,181	3,267,812	3,226,188	3,800,000	3,800,000
Designated	23,035,751	27,004,762	31,728,623	29,842,890	30,899,696
Undesignated	31,825	0	24,781	1,336,702	279,896
Total (f)	<u>27,254,757</u>	<u>30,272,574</u>	<u>34,979,592</u>	<u>34,979,592</u>	<u>34,979,592</u>

- a) The 2007 adopted financing and spending budgets for Securities Lending Transactions will be amended when the actual amounts are known and available.
- b) For 2005 - 2007, no adjustments have been made to the historic expenditures and uses data to reflect any movement of organizational units among and between departments.
- c) In 2007, the Information and Complaint component of City Clerk, License, Inspection, and Environmental Protection (LIEP) and Neighborhood Housing and Property Improvement (NHPI) will be merged with the Fire Department's Fire Inspection unit as the new Department of Safety and Inspection (DSI).
- d) Executive Administration includes: Financial Services, Human Resources, Human Rights (through 2008) and the Mayor's Office.
- e) The 2007 and 2008 Budget columns on this page do not include "Advances to Other Funds" and "Petty Cash Advances."
- f) Based on the 2005 - 2007 experience, the actual ending total balance for 2008 - 2009 will be greater than the listed budget ending total balance.
- g) In 2009, the Contract Analysis and RiverPrint components of the Office of Financial Services, the Equal Employment program in the Planning and Economic Development department, and the Human Rights department will be merged to create the Human Rights and Equal Economic Opportunity (HREEO) department.

General Fund Budget

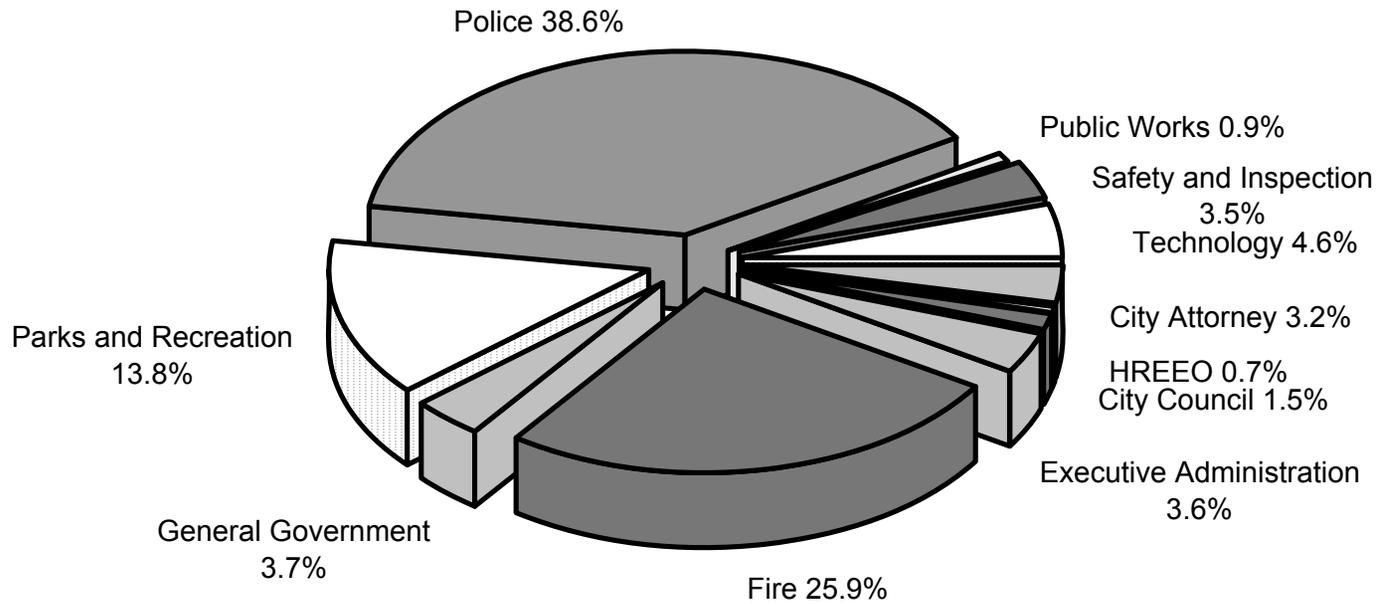
General Fund Spending (By Department)			
Department/Office	2007 Actual	2008 Adopted Budget	2009 Adopted Budget
Attorney	5,840,353	6,015,776	6,399,367
City Clerk (a)	230,026		
Council	2,311,169	2,798,414	2,946,606
Emergency Management		182,181	250,723
Financial Services	1,851,453	2,002,716	1,931,503
Fire and Safety Services (a)	44,721,035	46,818,914	51,161,056
General Government Accounts	10,261,686	7,002,410	7,393,068
HREEO (b)			1,353,742
Human Resources	3,045,750	3,161,786	3,422,423
Human Rights	532,024	574,414	0
Independent Library Agency (budget is published separately)			
Mayor	1,421,091	1,481,120	1,577,488
Parks and Recreation	24,635,610	25,519,501	27,189,480
Planning and Economic Development	0	0	0
Police	68,617,503	71,425,110	76,256,271
Public Works	1,505,423	1,677,291	1,765,560
Safety and Inspection (a)	6,039,529	5,136,146	6,955,635
Technology	7,908,557	8,634,989	9,052,505
Total	178,921,209	182,430,768	197,655,427

a) In 2008, the City Clerk was merged into the City Council.

b) In 2009, the Contract Analysis and RiverPrint components of the Office of Financial Services, the Equal Employment program in the Planning and Economic Development department, and the Human Rights department will be merged to create the Human Rights and Equal Economic Opportunity (HREEO) department.

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2009 Adopted Spending by Department



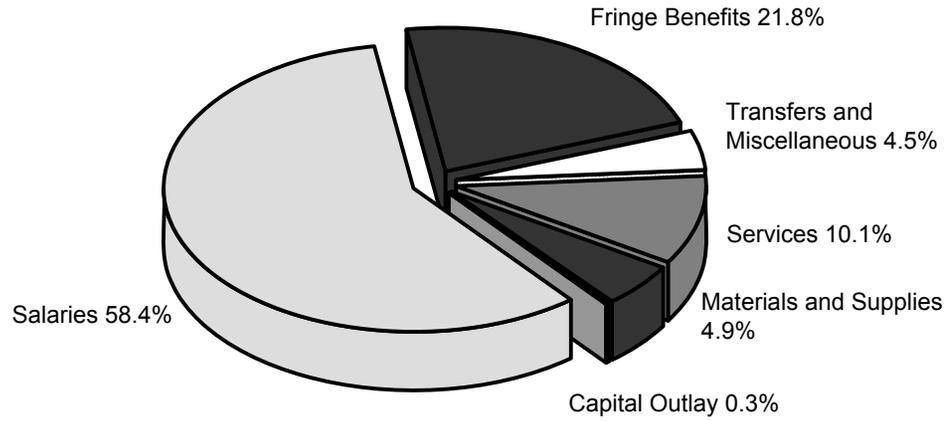
General Fund Budget

General Fund Spending (By Major Object)			
	2007 Actual	2008 Adopted Budget	2009 Adopted Budget
Object			
Salaries	105,217,858	108,726,695	115,426,368
Services	18,103,051	18,509,449	19,994,159
Materials and Supplies	9,003,127	9,193,584	9,782,020
Fringe Benefits	36,171,389	38,733,643	43,077,692
Transfers and Miscellaneous	3,159,134	5,844,097	8,853,504
Debt Service	7,099,362	1,055,618	0
Street, Sewer, Bridge Improvement	0	5,329	5,329
Capital Outlay	167,288	362,353	516,355
Total	178,921,209	182,430,768	197,655,427

General Fund Financing (Revenue By Source)			
	2007 Actual	2008 Adopted Budget	2009 Adopted Budget
Source			
Use of or (Contribution to) Fund Balance	(4,707,018)	0	0
Transfers	17,651,528	17,730,693	22,000,182
Taxes	47,508,613	57,053,961	58,578,136
Licenses and Permits	955,820	928,200	896,013
Intergovernmental Revenue	63,829,793	63,525,444	69,301,209
Fees, Sales and Services	15,804,689	16,012,612	19,577,504
Enterprise and Utility Revenues	22,127,647	23,270,386	24,165,140
Other Revenue Sources	15,750,137	3,909,472	3,137,243
Total	178,921,209	182,430,768	197,655,427

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2009 Adopted Spending By Major Object



2009 Adopted Revenue By Source

