



***Mayor Coleman's 2008 Proposed Budget:
Making Tough Choices, Moving Saint Paul Forward.***

2008 Proposed Budget in Brief

Background:

- The 2008 budget must close a gap of \$17 million just to maintain current services.
- State aid to Saint Paul has been lower and much less reliable since 2003.
- Saint Paul will have lost almost **\$108 million** in State aid through 2008 compared to original certified LGA (pre State cuts) for 2003.
- The City lost \$10.2 million of expected revenue through the veto of the tax bill.
- Unlike the rest of the State, Saint Paul went 11 years without increasing its local tax levy to offset State cuts.

2008 budget planning: Saint Paul at a crossroads:

- In preparing a 2008 budget, we had to choose whether to reflect current law (at \$56.8 million of certified LGA for 2008) or to plan based on an expectation that a special session of the Legislature will convene later this year to reenact vetoed provisions that would provide \$67 million of LGA next year.
- The budget plan takes both of these alternatives into consideration--and presents a plan that assumes aid is restored ("Plan A"), with a backup proposal ("Plan B") if the State fails to act.

The Mayor's core principles for the budget plan remain the same, whether the State acts or not:

- Solve the budget problem long term**
 - Realistic forecasts of both spending pressure and revenues -- including State aids
 - Structural balance by 2010
 - Use of fund balances consistent with City policies -- using them prudently where appropriate, restoring them where necessary
 - Fee increases for appropriate cost recovery
 - Growth in property tax collections must meet the remaining revenue needs
- Deliver Better Services at a Better Price**
 - Building on 2007 successes:
 - DSI – 3 functions merged into 1 department
 - Libraries –WiFi, Self-Check, better aligned hours
 - Parks and Recreation – more mobile, focus on Second Shift Initiative
 - Fire audit
 - 2008 initiatives:
 - Parks and Recreation – more mobile, increased programming to meet growing needs, invest in 21st century facilities
 - Police assessment – best practices

- Grow our investments in Saint Paul**
 - \$25 million Invest Saint Paul neighborhood reinvestment initiative
 - CIB: A focus on maintenance and 21st century facilities
 - RSVP: A focus on the basics
 - Technology improvements
 - STAR program sustained

Regardless of State support, the Mayor's budget proposes:

- Long-term plan to achieve 650 sworn police officers by 2010
- Service delivery restructurings in Recreation Services and Libraries
- New infrastructure investments (facilities, technology)
- Fee increases for appropriate cost recovery
- Realistic forecasts of both spending pressure and revenues, and structural balance by 2010
- Use of fund balances consistent with City policies—using them prudently where appropriate, restoring them where necessary

If the State restores LGA, the Mayor's budget proposal (Plan A):

- Adds 25 new sworn police officer FTEs in 2008
- Purchase (for cash) 125 new squad cars in 2008—eliminate future lease costs
- Continues to operate 33 recreation centers; add a mobile recreation team and increase programming
- Increases ability to respond to future emergencies
- City levy increases by \$4.9 million in 2008

If the State does not act, the Mayor's budget proposal (Plan B):

- Adds 13 new sworn police officer FTEs in 2008
- Leases 100 new squad cars late in 2008 (with increasing lease costs in 2009 and 2010)
- Operates 31 recreation centers; no new mobile team
- City levy increases by \$10.2 million in 2008--\$5.3 million more than under Plan A

3 year budget plan: 2008-2010:

- Realistic assumptions on cost pressure (personnel, services, materials) and revenues (limited to proposed fee growth and negotiated franchise fee schedules).
- Maintains services at 2008 levels; includes: planned growth in police officers to 650 by 2010, purchase 25 squad cars in 2009, operate new facilities planned to open.
- Does NOT assume any growth in State aid above 2008 level.
- Reflects current law sunset of Neighborhood STAR for debt service after 2009 (\$3.5 million cliff in 2010).
- Includes gradual drawdown in Debt Service fund balance consistent with adopted policy.
- Balances the budget past 2010.
- Requires similar tax levy growth in 2009 and 2010.