

Appendix



City of Saint Paul

Signature Copy

Resolution: RES 21-1700

City Hall and Court
House
15 West Kellogg
Boulevard
Phone: 651-266-8560

File Number: RES 21-1700

Approved by the Mayor

Melvin Carter III

Date 12/9/2021

File Number: RES 21-1700

Approving the 2022 City Tax Levy.

WHEREAS, the Mayor, pursuant to the City Charter has proposed and recommended the 2022 budgets for the City of Saint Paul, and

WHEREAS, the proposed 2022 General and General Debt Service budgets have been reviewed and approved or adjusted by the City Council, and

WHEREAS, the City is required under Laws of Minnesota 2002, Chapter 390, Sec. 37, to levy a tax at the Library Board's request, which the Library Board has made, and

WHEREAS, the property tax levies needed to finance those budgets have been determined, and

WHEREAS, the Port Authority of the City of Saint Paul requested a property tax levy to finance economic development budgets under Minnesota Statutes section 469.053, subd. 4 and 6,

NOW THEREFORE BE IT RESOLVED, that the City Council, in anticipation of adopting the General Fund, General Debt Service, and Library Agency budgets for the fiscal year 2022, and in accordance with section 10.04 of the City Charter, does hereby levy taxes on all taxable property within the Saint Paul corporate limits, to be collected totaling the amount set forth in the attached; and

BE IT FURTHER RESOLVED, that the City Council requests the City Clerk to forward this resolution to the Ramsey County Department of Property Records and Revenue in accordance with the applicable provisions of the City Charter and other laws, and

BE IT FINALLY RESOLVED, that the City Council requests the Office of Financial Services to complete and forward any state forms required identifying these adopted levies and corresponding special levies.

At a meeting of the City Council on 12/8/2021, this Resolution was Passed.

Yea: 7 Councilmember Brendmoen, Councilmember Thao, Councilmember Tolbert, Councilmember Noecker, Councilmember Prince, Councilmember Jalali, and Councilmember Yang

Nay: 0

Vote Attested by

Council Secretary Shari Moore

Date 12/8/2021

City of Saint Paul Financial Analysis

Attachment A

File ID Number:	RES 21-1700		
Budget Affected:	Operating Budget	Multiple Departments	Multiple Funds
Total Amount of Transaction:	n/a		
Funding Source:	Other	Please Specify:	Property Tax Levy
Charter Citation:	Laws of Minnesota 2002, Chapter 390, Sec. 37; Minnesota Statutes section 469.053, subd. 4 and 6; Section 10.04 of the Saint Paul City Charter		

Fiscal Analysis

Resolution approves the final pay 2022 City of Saint Paul Property Tax Levy at \$175,371,835. This includes City Operating and Debt Levies, Saint Paul Public Library Operating and Debt Levies, and the Saint Paul Port Authority levy. Details on the breakdown between these entities is shown below.

Payable 2022 City of Saint Paul Property Tax Levy

Description	Tax Levy Payable in 2021	Tax Levy Payable in 2022	% Change
City levy for city operations and shrinkage	126,124,931	134,219,788	6.42%
City levy for Debt Service and shrinkage	18,521,513	20,016,192	8.07%
City levy for Library Agency and shrinkage	18,423,467	18,774,155	1.90%
City Levy for City Government	163,069,911	173,010,135	6.10%
City levy for Port Authority levy per Mn. Stat. sec 469.053	2,111,700	2,361,700	11.84%
Total Levy	165,181,611	175,371,835	6.17%



City of Saint Paul

Signature Copy

Resolution: RES 21-1701

City Hall and Court
House
15 West Kellogg
Boulevard
Phone: 651-266-8560

File Number: RES 21-1701

Adopting the 2022 Budget.

WHEREAS, the Mayor has proposed budgets for the City of Saint Paul for the fiscal year beginning January 1, 2022, in accordance with the Saint Paul City Charter and Chapter 56 of the Administrative Code; and

WHEREAS, the City Council, after publication of the notice in the newspaper on November 29, 2021, participated in a public hearing on December 1, 2021, on the Mayor's Proposed 2022 budgets and property tax levy, as required by the City Charter and applicable state and federal laws; and

WHEREAS, the Council has revised the Mayor's proposed budgets as indicated in Attachment A; and

WHEREAS, to mitigate budget uncertainty, the 2022 Adopted Budget will include revenue and program services expenses in a contingency account (see the attached city contingency policy for more details), now therefore be it

RESOLVED, that in accordance with the procedures and requirements set forth in the City Charter and other laws applicable thereto, the Council of the City of Saint Paul does hereby adopt the 2022 budgets as proposed by the Mayor with such monetary changes, additions and deletions as are hereby adopted and which, along with total budgets, are set forth in Attachment A; and be it

FURTHER RESOLVED, that the expenditures in dollars as may be made by the offices, departments, bureaus, and agencies of city government during the fiscal year 2022 shall be, and are hereby approved, and adoption of these budgets shall constitute appropriations of the money amounts as set at the department budget total in the General Fund budget, the project total in the Capital Improvements Budget, and the fund budget total in all other cases; and be it

FURTHER RESOLVED, that the estimated financing set forth in the 2022 adopted budgets is hereby approved; and be it

FURTHER RESOLVED, that the Five-Year Capital Program for 2022-2026 is hereby approved; and be it

FURTHER RESOLVED, that the adoption of the 2022 budget for the Community Development Block Grant Fund is a multi-year budget based on estimates for a grant which has a fiscal period that differs from the City's budget year (January 1 through December 31); the authority to implement this adopted multi-year budget commences only at the beginning of the grant period, and shall extend beyond December 31, 2022, through the end of the grant period and; during the year when the grant is accepted by the City Council, the budget will be amended to match the actual grant amount for the entire multi-year period; and be it

FURTHER RESOLVED, that the City Clerk is directed to publish the 2022 budget summary

File Number: RES 21-1701

pursuant to Minnesota Statutes section 471.6965 in the format prescribed by the Office of the State Auditor; and be it

FINALLY RESOLVED, that the Director of Financial Services is hereby authorized to prepare the final 2022 budgets in accordance with the actions taken herein and to equalize, balance or set the final department revenue sources and department appropriations as necessary.

At a meeting of the City Council on 12/8/2021, this Resolution was Passed.

Yea: 7 Councilmember Brendmoen, Councilmember Thao, Councilmember Tolbert, Councilmember Noecker, Councilmember Prince, Councilmember Jalali, and Councilmember Yang

Nay: 0

Vote Attested by
Council Secretary Shari Moore

Date 12/8/2021

Approved by the Mayor
Melvin Carter III

Date 12/9/2021

2022 Budget Balancing Status
General Fund
Resolution Attachment

RES 21-1701

	Spending	Financing
Mayor's Proposed Budget		
General Fund	325,573,697	325,573,697
Mayor's Budget Total	325,573,697	325,573,697
Gap: Excess / (Shortfall)		0
Technical Changes to the Mayor's Budget		
Technical Changes to Adjust for Updates and Omissions:		
All Departments	Budget Neutral	
CAO	300,000	
DSI	(400,000)	(400,000)
General Government	Update special service district budget	
General Government	Merge District Council Innovation Fund budget into District Council Engagement budget	
Mayor's Office	Shift Healing Streets contract from Mayor's Office to Office of Neighborhood Safety	
OTC	(300,000)	
OTC	10,475	10,475
Parks	Shift EAB employees to forestry special fund to be funded by Port Authority, increase services budget for trimming	
Parks	Convert Parks and Rec Worker to Rectory Supervisory	
Public Works	Eliminate duplicate debt budget	
Public Works	(85,220)	
New or Amended Grant Budgets:		
No changes		
Revised Revenue and Budget Estimates:		
General Revenue Adjustments		
DSI	Correct DSI revenue	(22,300)
HR	Eliminate administrative revenue transfer	(215,500)
HREEO	Reduce HREEO procurement fee revenue	(47,326)
General Government	Reduce revenue for traffic and parking fines	(175,000)
General Government	Update Xcel Energy revenue projection	761,006
General Government	Update District Energy revenue projection	10,000
General Government	Update Energy Park revenue projection	8,000
General Government	Update Police pension aid revenue projection	632,921
General Government	Update Fire pension aid revenue projection	(116,021)
Public Works	Reduce parking meter revenue	(975,000)
Budget After Technical Changes	325,044,952	325,044,952
Gap: Excess / (Shortfall)		0
Council Changes to the Proposed Budget:		
Program Adjustments		
CAO	Eliminate costs for Administrative Citations	(278,476)
Council	Eliminate costs for Administrative Citations	(99,741)
General Government	Reduce property tax levy 0.75 percentage points from proposed (6.92% to 6.17%)	(1,214,085)
PED	Remove General Fund support for Housing Trust Fund	(600,000)
PED	Shift portion of 2022 Mayor's Proposed new PED Staff to HRA budget	(235,668)
Public Works	One-time increase in pedestrian and bicycle safety investments, transfer from HRA	250,000
Public Works	One-time increase in graffiti and plywood abatement, transfer from HRA	100,000
Budget After Policy Changes	324,180,867	324,180,867
Gap: Excess / (Shortfall)		0

2022 Budget Balancing Status
Special Funds

RES 21-1701

	Spending	Financing
Mayor's Proposed Budget		
Special Funds	382,370,077	382,370,077
Mayor's Budget Total	382,370,077	382,370,077
Gap: Excess / (Shortfall)		0
Technical Changes to the Mayor's Budget		
Technical Changes to Adjust for Updates and Omissions:		
All Departments	Budget Neutral	
Financial Services	Update Design and City Hall Annex budgets to reflect updated staffing structure	5,074
Financial Services	Carry forward unspent balances in Returning Home Pilot	19,391
Financial Services	Special service district assessments budget update	(225,000)
Financial Services	Update Fleet's debt financing budget	33,000
General Government	Additional funding for CAO Immigration Legal Defense project	100,000
General Government	Additional funding for DSI ProjectDox project	100,000
General Government	Carry forward unspent balances in Citywide Technology and Innovation Fund	440,593
HR	Remove administrative revenue transfer	(215,500)
HREEO	Add Section 3 Collaborative spending and revenue	33,000
Parks	Update EAB budget: shift employees from general fund, add two FTEs, recognize revenue from Port Authority	3,624,862
PED	Carry forward unspent funds for Business Process Documentation/Streamlining	100,000
PED	Carry forward unspent funds for Anti-Displacement and Inclusionary Zoning Study	350,000
PED	Carry forward unspent funds for Wetlands Inventory/Plan	15,000
PED	Align STAR budget to proper account codes	Budget Neutral
PED	Align HUD grants budget to proper account codes	Budget Neutral
PED	Revised HUD HOME Program grant estimate	626,565
Police	Establish budget for Off Duty Police Contracts, Police Special Projects Fund	7,845,040
Police	Carryforward unspent funds in Police Special Projects Fund for clothing, supplies, fees	30,519
Public Works	Revised sewer debt budget with updated bond sale results	(2,840,869)
New or Amended Grant Budgets:		
CAO	Carry forward unspent balances for GOA grant, update ETHOS and VOCA grants	64,995
Emergency Management	Reduce and reallocate UASI grant spending and revenue	(7,060)
Financial Services	Update OFE grant budgets	266,668
Fire	Update grant budgets with Haz Mat ERT	118,193
Fire	Update grant budgets with MBPTE MART	200,362
Fire	Update grant budgets with MREP grant	59,042
Fire	Update grant budgets with AFG grant	385,372
General Government	Carry forward unallocated ARP grant	7,964,074
General Government	ARP grant, change position from Librarian I to Community Services Coordinator	2,000
HREEO	Carry forward PCJARC grant balance	7,035
Mayor's Office	Update Vista grant Budget	47,744
Mayor's Office	Update McKnight climate grant budget	33,000
OTC	Carry forward Knight Foundation grant	163,461
Parks	Update position title in Great River Passage grant	Budget Neutral
Police	100 Club grant	(835)
Police	MN DEED grant	(323,068)
Police	MN Dept of Natural Resources grant	(16,900)
Police	MN Dept of Pub Shty-Justice Office grant	111,345
Police	Serve Minnesota grant	(382,890)
Police	Pub Shty Ptrosp & Comm Policing grant	5,000
Police	Byrne JAG Program 2010	(499,458)
Police	Body Worn Camera Byrne (GCIC grant)	410,000
Police	Homeland Security grant	15,053
Police	State and Community Hwy Safety grant	542,245
Police	Byrne JAG Program 2019-2020	194,293
Public Works	Sewer MCES 2019-2020 grant	796,658
Public Works	Electric Vehicle grants carry forward	5,746,301
Budget After Technical Changes	408,281,382	408,281,382
Gap: Excess / (Shortfall)		0
Council Changes to the Proposed Budget		
Financial Services	Repurpose portion of Chief Equity Officer funding to establish citywide equity training budget	Budget Neutral
General Government	ARP grant, 1 year pilot program for two Police academies, funding in contingency account	1,035,000
PED	Revise estimates for sales tax revenue	500,000
PED	Add Council Neighborhood Development Fund	1,600,000
PED	Increase Cultural STAR program	188,727
Budget After Policy Changes	411,605,109	411,605,109
Gap: Excess / (Shortfall)		0

2022 Budget Balancing Status
Debt

RES 21-1701

	Spending	Financing
149 Mayor's Proposed Budget		
150 Debt Service Funds	87,090,214	87,090,214
152 Mayor's Budget Total	87,090,214	87,090,214
153		
154 Gap: Excess / (Shortfall)		0
155		
156		
157 Technical Changes to the Mayor's Budget		
158		
159 Technical Changes to Adjust for Updates and Omissions:		
160		
161 No changes		
162		
163 Revised Revenue or Budget Estimates:		
164		
165 No changes		
166		
167 Budget After Technical Changes	87,090,214	87,090,214
168		
169 Gap: Excess / (Shortfall)		0
170		
171		
172 Program Changes Proposed by the Mayor		
173		
174 No changes		
175		
176 Budget After Policy Changes	87,090,214	87,090,214
177		
178 Gap: Excess / (Shortfall)		0
179		
180		
181 Council Changes to the Proposed Budget		
182		
183 No changes		
184		
185 Budget After Policy Changes	87,090,214	87,090,214
186		
187 Gap: Excess / (Shortfall)		0
188		
189		

2022 Budget Balancing Status
Capital Improvement Budget

RES 21-1701

	Spending	Financing
190 Mayor's Proposed Budget		
191 Capital Improvement Budget	55,083,000	55,083,000
193 Mayor's Budget Total	55,083,000	55,083,000
194		
195 Gap: Excess / (Shortfall)		0
196		
197		
198 Technical Changes to the Mayor's Budget		
199		
200 Technical Changes to Adjust for Updates and Omissions:		
201		
202 Multiple Departments Align department budgets to proper budget codes	Budget Neutral	100,000
203 Parks Recognize additional bond premiums		
204 Parks Update Highland Bridge Parks owner's representative and oversight costs	100,000	(20,000)
205 PED Correct CDBG amounts	(20,000)	400,000
206 Public Works Recognize City Pay-Go TIP (Transfer from HRA) for Highland Bridge		
207 Public Works Update Highland Bridge Public Works project oversight costs	400,000	(800,000)
208 Public Works Update Grand Ave MSA project (scheduled to start in 2023, per 5 Year Plan)	(800,000)	
209		
210 Revised Revenue or Budget Estimates:		
211		
212 No changes		
213		
214 Budget After Technical Changes	54,763,000	54,763,000
215		
216 Gap: Excess / (Shortfall)		0
217		
218 Program Changes Proposed by the Mayor		
219		
220 No changes		
221		
222		
223 Budget After Policy Changes	54,763,000	54,763,000
224		
225 Gap: Excess / (Shortfall)		0
226		
227 Council Changes to the Proposed Budget		
228		
229 No changes		
230		
231		
232 Budget After Policy Changes	54,763,000	54,763,000
233		
234 Gap: Excess / (Shortfall)		0
235		

Glossary

Account Code. A five-digit code assigned to a specific type of receipt or expenditure. A major account code is a grouping of expenditures or receipts on the basis of the types of goods or services purchased or rendered. For example, personnel services, materials, supplies, and equipment are major account codes.

Accounting Unit (AU): An accounting unit is a subunit of a fund. Each fund contains one or more accounting units, a specific and distinguishable budgetary unit of work or service. Accounting units are detailed levels of budget spending authority created to accomplish the approved objectives of the fund.

Accounting Unit Number: An eight (8)-digit number which uniquely identifies the accounting unit. The first digit indicates the fund type, while the second digit indicates the department.

Allocation: A portion of a lump-sum appropriation which is designated for expenditure by specific organizational units or for special purposes. See *Appropriation*.

American Rescue Plan Act (ARP): The American Rescue Plan Act, signed into law March 11, 2021, provides \$1.9 trillion in direct economic assistance for American workers, families, small businesses, and industries to address issues related to the COVID-19 pandemic. The ARP creates the Coronavirus State and Local Fiscal Recovery Funds, which provide \$350 billion to address the pandemic's public health and economic impacts, and lay the foundation for a strong and equitable recovery.

Appropriation: An expenditure authorized by the City Council for a specified amount and time.

Assessed Valuation: The value that is established for real estate or other property by a government for use as a basis for levying property taxes.

Bond: A written promise to pay a specific sum of money (called the principal amount or face value) at a specified future date (called the maturity date) along with periodic interest at a specified rate.

Budget Document: The written record of the comprehensive financial plan the mayor presents to the city council for review, revision if deemed appropriate, and adoption.

Capital Allocation: Assignment of available capital (dollars) to specific uses.

Capital Expenditure: Actual spending of capital (dollars) for capital improvement projects.

Capital Improvement: The purchase or construction of durable/fixed assets. Examples include streets, bridges, parks or buildings.

Capital Improvement Budget (CIB): A plan for capital expenditures (physical development of the city) to be incurred each year, over a fixed number of years, in order to meet capital needs arising from the long-term work program.

Capital Outlay: Equipment, machinery, vehicles or furniture items included in the operating budget. See *Capital Improvement Budget*.

Capital Projects Fund: A fund established to account for all financial resources used for the construction or acquisition of major capital facilities, except those financed by special assessment, proprietary or fiduciary funds.

CIB: Acronym for capital improvement budget.

Debt Service Fund: A fund established to account for the financial resources used for the payment of long-term general obligation debt principal, interest, and related costs.

Division: An organizational subunit of a department. Each department has one or more divisions, which are responsible for one or more activities.

Encumbrances: Legal commitment of appropriated funds (in the form of purchase orders or contracts) to purchase goods or services to be delivered or performed at a future date. They cease to be encumbrances when paid or when the actual liability is created.

Enterprise Fund: A fund established to account for city operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs (expenses, including depreciation) of providing goods and services on a continuing basis be financed or recovered primarily through user charges.

ERP: Acronym for Enterprise Resource Planning, a document and information management system. The City's ERP system is Infor.

ETI: Acronym for Enterprise Technology Initiative. This is an activity in the Technology department in which spending and financing for city-wide technology improvements are budgeted.

Expenditures: Total charges incurred, whether paid or unpaid, including the provision for retirement of debt not reported as a liability of the fund from which it will be retired, and capital outlays (for governmental funds and fiduciary funds, except non-expendable trust funds) .

Expenses. Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charges which benefit the current fiscal period (for proprietary funds and non-expendable trust funds). See *Expenditures*.

Fiduciary Fund: A fund established to account for resources held for the benefit of parties outside the government.

Financing Plan: Identifies sources of revenues that support the spending plan.

Full Time Equivalent (FTE): A personnel position which is financed for the equivalent of 80 hours per pay period, for 26.1 pay periods (a typical year), or 2,088 hours in a year. This is roughly equivalent to 40 hours per week for 52

weeks. For example, a .5 FTE would represent 20 hours per week for 52 weeks, or 40 hours per week for 26 weeks. A 1.0 FTE is a general reference to a position normally working for a year.

Fund: Each individual fund is a separate accounting entity having its own assets, liabilities, revenues and expenditures or expenses. City financial resources are allocated to, and accounted for, in individual funds based on legal, donor, or administrative restrictions or requirements.

Fund Balance: An equity account reflecting the excess of accumulated assets over accumulated liabilities and reserves (monies set aside for specific purposes).

Fund Manager: Fund managers are accountable to and receive authority from their department director and division manager, and ultimately from the mayor, the city council, and city residents/taxpayers. Each fund manager is responsible for correctly preparing and submitting the portion of the city's financial plan that is provided by their fund. This includes a properly completed budget request consisting of performance, spending and financing plans. Fund managers are responsible for monitoring the collection of receipts, authorizing spending payments, cash flow planning, and service delivery in accordance with the adopted plan. Fund managers are also responsible for forecasting significant performance, spending or financing variances, determining their cause, creating a solution, and reporting such information to their department director and the director of the office of financial services. See *Performance Plan*, *Spending Plan*, and *Financing Plan*.

Fund Number: A three-digit number which uniquely identifies the fund. For example, the General Fund is fund number 100, the city grants fund is 200, and the parks and recreation special projects is 260. There is no significance to the sequence of numbers. See *Activity Number*.

Fund Type: A classification of funds by similar purpose. The fund types are: governmental (general, special revenue, debt service, capital project, special assessment), proprietary (enterprise, internal service), and fiduciary (trust and agency funds). Although the city hall annex operating fund and the public works engineering fund are separate funds, they are the same fund type (internal service). See each fund type for its definition. Also see *Fund*.

GIS: Acronym for geographic information system.

General Fund: The fund used to account for all financial resources not specifically earmarked for other purposes. The General Fund is the primary operating fund for the City of Saint Paul.

Governmental Funds: All funds other than fiduciary and proprietary funds. Includes the general fund, special revenue funds, capital projects funds, debt service funds and special assessment funds. The measurement focus is on spending or financial flow rather than on net income. See *Fiduciary Funds* and *Proprietary Funds*.

Internal Service Fund: A fund established to account for the financing of goods or services provided by one city department to other city departments, divisions or funds on a cost-reimbursement basis.

LGA: Acronym for local government aid. See *State Aids*.

MSA: Acronym for municipal state aids. See *State Aids*.

Operating Budget: The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

Operating Transfer In/Out: Interfund transfers are legally authorized transfers between a fund receiving revenue and a fund where resources are expended.

PED: Acronym for the planning and economic development department.

Permanent Fund: A fund established to account for the custody and administration of assets held in a trust capacity. The assets held in a trust fund must be spent or invested in accordance with the conditions of the trust. Expendable trust funds are similar to governmental funds in that the measurement focus is on spending or financial flow rather than on net income. Non-expendable trust funds are similar to proprietary funds, with the measurement focus on determination of net income. See *Agency Fund* and *Fiduciary Fund*.

Proprietary Funds: Any fund which attempts to determine net income. Measurement focus is on cost of services similar to private sector for-profit organizations. This category includes enterprise and internal service funds.

Recoverable Expenditure: An expenditure made for, or on behalf of, another governmental unit, fund, or department, private individual, firm, or corporation which will, subsequently, be recovered in cash or its equivalent.

Retained Earnings: An equity account reflecting the accumulated earnings of an enterprise or internal service fund which are not reserved for any specific purpose.

Special Assessment: Charges which the local government collects from property owners to pay for specific services or capital improvement projects such as streets, sewers, etc., which benefit a particular piece of real estate.

Special Fund: A fund established to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, and capital projects) that are legally restricted to expenditures for specified functions or activities.

Spending Plan: Provides a unit or subunit of an organization with spending authority to pay for the resources required to effectively accomplish the performance plan.

STAR: Acronym for sales tax revitalization program.

State Aids: The following are the major types of intergovernmental revenues received by the City of Saint Paul from the State of Minnesota:

Local Government Aid (LGA): Begun in 1971, this program was designed to provide indirect property tax relief through the redistribution of income tax and sales tax revenues collected at the state level to local units of government. The amount of funding received by local units of government is based on a distribution formula determined by the Minnesota State Legislature. The distribution formula is based on "need" as well as "capacity". The 2001 State Legislature rolled the Homestead and Agricultural Credit Aid into Local Government Aid.

Municipal State Aids (MSA). This program is financed by motor vehicle related taxes collected at the state level. The state gasoline tax is the largest revenue source and the dollars collected are constitutionally dedicated for expenses related to MSA routes. The revenues are redistributed back to municipalities of 5,000 or more residents to be used for construction and maintenance of their MSA designated routes.

Tax Increment Financing (TIF) District: A TIF district is a designated geographical area where a city is undertaking redevelopment or development activity. Any increase in assessed valuation due to new development activity is captured by the district. Property taxes levied against those captured values are used to finance the public improvement costs incurred to induce the private development activity. Public improvement costs can be financed by issuing bonds or by a pay-as-you-go plan.