

City General Fund Summary

General Fund 2024 Adopted Budget

Purpose: The General Fund is the principal financial support for such basic services as the police and fire departments, parks and recreation, and general government operations (e.g., Mayor and City Council, human resources, finance, and other internal services). The major revenue sources for this fund are property taxes, Local Government Aid (LGA), franchise fees, and other general revenues. The tables and graphs on the following pages detail the General Fund's adopted 2024 spending and revenue plan.

Budget Highlights, Issues, and Challenges

COVID-19 Pandemic

The impacts of the COVID-19 pandemic on the City of Saint Paul budget linger. The pandemic prompted changes to behavior and spending patterns, significantly reducing City revenues. This budget assumes continued modest recovery in General Fund revenues including franchise fees, building permits, lodging taxes, and special event permits. Some revenues, like parking fees, are projected to remain at lower pandemic-era levels.

In 2023, American Rescue Plan (ARP) Act funding continued support for the restoration of \$1.3 million in Parks and Recreation services. In 2024, a portion of the Parks and Recreation services will move back to the property tax levy while the majority remains funded by ARP. The 2023 budget included \$5.2 million in ARP funds for financial stabilization in the General Fund. \$3.3 million was spent in 2023 and the remaining \$1.9 million is carried forward into the 2024 budget to continue financial stabilization in the General Fund.

State Budget Decisions and LGA

The Minnesota 2023 legislative session provided historic investment in the City of Saint Paul: \$13.6 million in one-time Public Safety Aid, extensions for the City's capital improvement bond authorization and downtown TIF district, funding for two crucial City infrastructure projects, and authorization to bring a one percent sales tax proposal to Saint Paul voters.

The legislature also approved a significant increase in the state's Local Government Aid (LGA) allocation for 2024. This will provide Saint Paul's General Fund with an additional \$8.8 million over its 2023 allocation, bringing the 2024 total to \$81.6 million. LGA represents a significant revenue source for the City's General Fund, accounting for 20.8% of General Fund revenues. Recent increases in LGA renew the state and local fiscal relationship, helping to make local budget planning and service delivery more predictable while keeping increases in the property tax levy manageable for the residents and business owners of Saint Paul.

Property Tax Base and Levy

Over 80% of Saint Paul's local property tax base consists of residential properties, including both owner-occupied and rental units. Historically, as the home to many tax-exempt educational, medical, and state government institutions, about 20% of the City's property has been exempted entirely from paying property taxes.

The adopted budget includes a modest 3.7% increase in the property tax levy. The total 2024 adopted levy is \$208.5 million. The General Fund receives 76.8% of the levy. The Library Agency receives 10.8% of the levy. City debt service accounts for 11.1% of the levy, with the remaining 1.3% levied on behalf of the Saint Paul Port Authority. The 2024 adopted budget assumes 2% property tax non-payment. Property taxes in the General Fund make up 46% of the fund's total revenue.

Current Service Level Adjustments

Summary sections for each department reflect current service level adjustments, including spending and revenue to maintain a department's same services as the previous year. Inflationary pressures including cost of living allowances built into union contracts and rising employee health care costs drive the increased cost of service delivery.

While the U.S. annual inflation rate has fallen from its peak in 2022, the cost of goods and services continues to put pressure on department budgets, driving up the City's costs of providing essential services to its residents.

Rate of Spending Growth

Saint Paul's General Fund budget as adopted will increase by \$18.6 million, or 5% relative to 2023. The largest General Fund expense is employee wages and benefits – about 78% of all City General Fund spending is for personnel costs, accounting for more than \$12.3 million of the \$18.6 million growth over 2023.

The City must continue to find ways to manage these costs prudently and responsibly to maintain service delivery, as well as ensure the integrity of the City's finances. The 2024 adopted budget includes cost containment measures that redirect funds towards the areas of highest need. The budget also includes the creation of a central grants office, which will help the City pursue, coordinate, and manage outside funding sources (federal, state, and private grants) to leverage existing funds for expanded impact.

Maintaining Adequate Financial Reserves

From 1994 to 2005, the City spent from its General Fund balance to finance a share of the annual operating budget. These actions decreased the fund balance from its peak in 1998 of 31% of subsequent year spending to just under 15% in 2005.

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. Despite significant mid-year LGA cuts in 2008 through 2011, the City continued to comply with the adopted fund balance policy. In 2020, the City resolved a mid-year COVID-related budget deficit of over \$22 million without using fund balance.

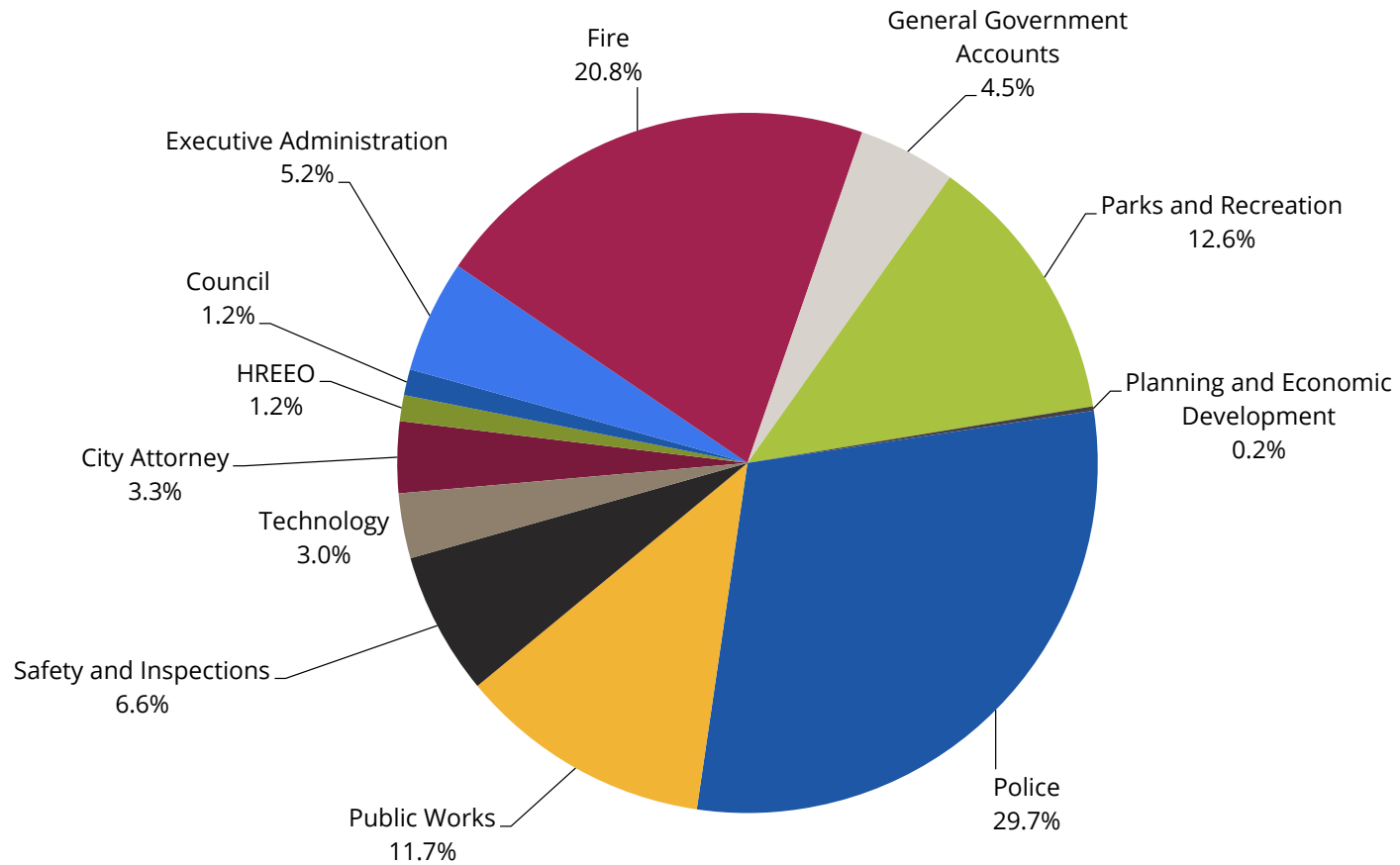
The 2024 adopted budget maintains compliance with the City fund balance policy, using a combination of ongoing and one-time solutions to balance the budget.

The City assumes over the long-term that impacted revenues will continue the recovery started in 2021, allowing the City to replace one-time budget solutions with ongoing sustainable revenues in the future.

General Fund Budget

General Fund Spending (By Department)			
Department/Office	2022 Actuals	2023 Adopted Budget	2024 Adopted Budget
City Attorney	9,798,062	11,696,522	12,111,201
Council	3,594,765	4,185,903	4,595,666
Emergency Management	5,133,867	5,250,811	5,409,232
Financial Services	22,940,075	4,072,461	4,826,594
Fire and Safety Services	61,140,528	74,512,162	76,942,584
General Government Accounts	16,638,485	16,003,983	16,506,613
HREEO	2,817,210	3,879,270	4,299,844
Human Resources	4,133,914	5,248,866	6,468,389
Mayor's Office	2,116,601	2,378,713	2,432,875
Parks and Recreation	37,223,125	43,443,557	46,455,242
Planning and Economic Development	343,612	549,132	941,045
Police	108,487,721	106,622,201	109,737,257
Public Works	26,652,993	41,473,870	43,467,901
Safety and Inspection	18,313,733	23,334,949	24,398,624
Technology	9,034,574	10,590,847	11,237,481
Total	328,369,265	353,243,247	369,830,547

General Fund Budget 2024 Adopted Spending by Department

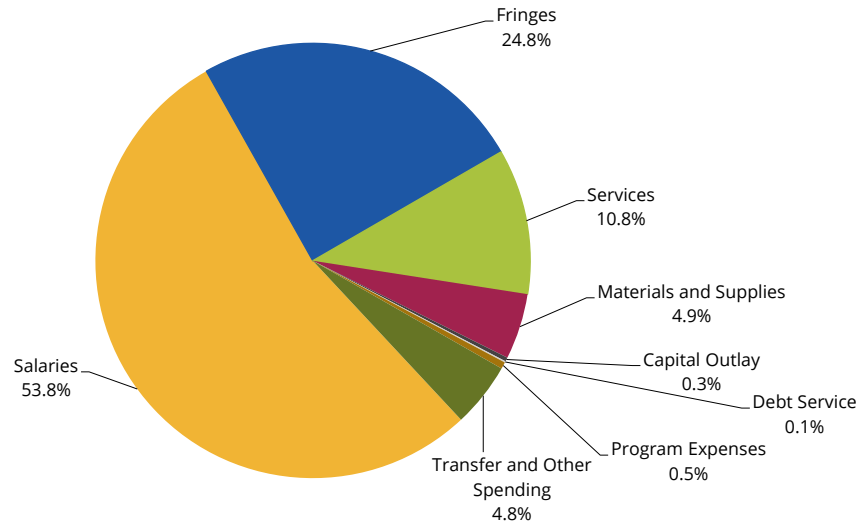


General Fund Budget

General Fund Spending (By Major Account)			
Object	2022 Actual	2023 Adopted	2024 Adopted
Salaries	160,710,996	191,114,277	198,843,667
Fringes	80,161,591	88,835,166	91,918,959
Services	38,120,943	40,390,182	39,978,944
Materials and Supplies	18,054,369	17,314,429	18,216,578
Capital Outlay	126,634	960,472	1,192,018
Debt Service	4,656	147,037	243,356
Program Expenses	1,392,267	1,689,571	1,689,571
Transfer and Other Spending	29,797,809	12,792,113	17,747,454
Total	328,369,265	353,243,247	369,830,547

General Fund Financing (Revenue By Source)			
Source	2022 Actual	2023 Adopted	2024 Adopted
Taxes	137,198,090	158,063,615	161,575,920
Fees, Sales and Services	43,361,448	48,265,072	47,438,235
Franchise Fees	27,595,100	26,800,000	27,460,000
Fines and Forfeitures	53,532	63,500	63,500
Intergovernmental Revenue	90,814,094	89,824,668	100,315,438
Assessments	9,136	26,700	26,700
Interest	5,019,813	1,700,000	2,469,504
License and Permits	15,362,887	13,433,790	14,033,790
Transfers and Other Financing	18,550,799	15,065,902	16,447,460
Total	337,964,898	353,243,247	369,830,547

General Fund Budget 2024 Adopted Spending By Major Object



2024 Adopted Revenue By Source

