

# **City General Fund**

# General Fund – 2017 Proposed 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 (i.e., Mayor and City Council, human resources, finance and other internal services). The major financing sources for this fund are property taxes, local government aid, franchise fees, and other general revenues. The tables and graphs on the following pages detail the General Fund's proposed 2017 spending and financing plan.

---

## Financing Highlights

The major financing sources for this fund are:

- ❖ Property Taxes – 30.1% (34.7% incl Library Agency)
- ❖ Local Gov't Aid – 26.1% (24.1% incl Library Agency)
- ❖ Franchise fees – 10.2%
- ❖ Other revenues, aids, and user fees – 33.6%

**Local Government Aid (LGA):** Local Government Aid has been generally lower and less predictable since state aid cuts began in 2003. However, the trend has reversed since 2014, with a significant restoration in 2014 of \$10.1 million followed by an inflationary increase in 2015. The proposed budget assumes the level of LGA appropriation that was included in the omnibus tax bill approved by the legislature at the end of the 2016 legislative session will be passed in a pending special session later this year. The projected increase for 2017 is over \$3 million for Saint Paul. If this legislation isn't approved in a special session, the budget will need to be adjusted by \$3 million in advance of final budget adoption.

Even after these increases, LGA is still \$10.5 million less than the amount certified in 2003, and nearly \$48 million less than the 2003 certified amount after adjusting for inflation.

**Property Tax Levy:** Financing for the adopted budget includes 4.0% increase in property tax resources. The total adopted levy is \$109.8 million. 72% of the levy will finance General Fund operations and 16% is for the Library Agency. The remainder is used for City debt service or is levied on behalf of the St. Paul Port Authority.

**City Franchise Fees:** The 2017 financing decreases slightly based on recent performance. Franchise fees have experienced steady and consistent results with minimal growth over the past several years.

**Parking Meter & Fine Revenue:** The parking meter system underwent an expansion in 2016 that included metered parking until 10 pm Monday through Saturday in the downtown area and the implementation of special event parking around Xcel Energy Center and CHS Field. The changes are expected to generate \$400,000 more than originally anticipated. A \$0.25 increase is proposed for the 2017 budget that is expected to generate an additional \$430,000. The solid financial performance of the parking meter system is helping offset a decline in fine and continuance for dismissal revenue.

## Budget Issues and Challenges

**Current Service Level Adjustments:** Current service level adjustments are indicated throughout this document in the summary sections for each department. Current service level changes include adjustments in spending and revenue that maintain a department's ability to continue the same operations as the previous year. These include both inflationary adjustments, such as cost of living allowances, and adjustments that reflect historical spending patterns, including fringe benefits and non-personnel expenses.

## General Fund – 2017 Proposed Budget

**Rate of Spending Growth:** Saint Paul's General Fund budget as adopted will increase by \$9.0 million, or 3.7% relative to 2016. The budget funds inflation related to existing services and also includes strategic investments in innovation & technology modernization, increases in sworn officer complements in public safety, and advances strategic investments to enhance equity in city services.

**Property Tax Base:** Saint Paul has a local property tax base that largely consists of residential properties, including both owner-occupied and rental units. In total just over 50% of the City's total local property tax levy (excluding fiscal disparities) falls on residential property. This is due to a variety of reasons, some longstanding and others more recent. Historically, as the home to many tax-exempt educational, medical, and state government institutions, nearly 30% of the city's property has been exempted entirely from paying city property taxes.

**State Budget Decisions and LGA:** Local Government Aid is a significant revenue source for the City's General Fund, accounting for 25.7% of General Fund revenues (24.1% when combined with the Library Agency). While the total share of the city budget dependent on state payments has dropped significantly since 2003, the future of state Local Government Aid (LGA) remains a key variable in the City's ability to provide basic services. Since late 2008, the State unallotted or otherwise reduced LGA by more than \$45 million over a four year period, which caused a series of budget challenges and the reduction of important City services. Recent increases in are a good step toward renewing a more balanced and predictable state/local fiscal relationship, which will help make local budget planning and service delivery more predictable for the citizens of Saint Paul.

**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 and maintain the integrity of the City's finances. The largest General Fund expense is employee wages and benefits – 82% of all General Fund spending is for personnel costs. The 2017 budget includes a significant amount of cost containment that prudently and responsibly manages costs while preserving service delivery levels.

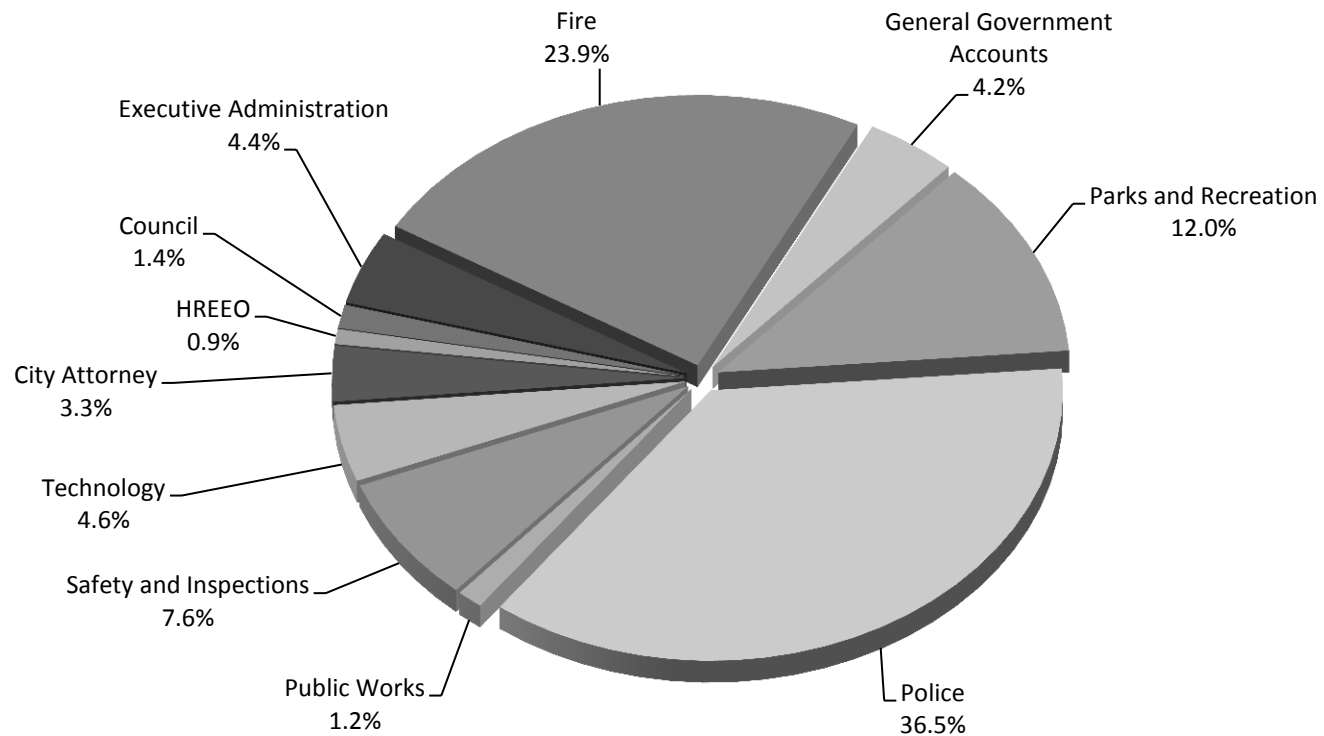
**Maintaining Adequate Financial Reserves:** From 1994 - 2005, the City spent from its General Fund balance to finance a share of the annual operating budget, which decreased the fund balance from its peak of 31% of subsequent year spending in 1998 to just under 15% in 2005. In 2006, the City enacted 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 reductions of LGA in 2008, 2009, 2010 and 2011, the City continues to successfully manage fund balance consistent with the adopted policy, including solving a 2011 mid-year budget deficit of over \$15 million without dipping into fund balance. The 2017 proposed budget maintains compliance with the fund balance policy, while continuing to utilize financial management best practices by maintaining structural balance without relying on use of fund balance or other one-time resources to fund ongoing spending commitments.

## General Fund Budget

General Fund Spending (By Department)			
Department/Office	2015 Actual	2016 Adopted Budget	2017 Proposed Budget
City Attorney	7,471,441	8,045,134	8,276,653
Council	2,993,893	3,152,886	3,436,050
Emergency Management	368,801	392,983	428,047
Financial Services	3,589,074	3,867,555	3,933,030
Fire and Safety Services	58,591,716	58,533,130	59,923,930
General Government Accounts	9,505,186	9,854,589	10,597,116
HREEO	1,858,554	2,382,837	2,237,398
Human Resources	4,175,648	4,165,648	4,722,897
Mayor's Office	1,760,147	1,879,710	1,940,790
Parks and Recreation	27,767,385	29,334,576	30,207,286
Police	85,810,017	88,358,514	91,459,316
Public Works	2,407,533	2,213,782	3,133,025
Safety and Inspection	17,160,525	18,510,696	19,134,293
Technology	10,584,883	11,327,387	11,567,277
Total	234,044,803	242,019,427	250,997,108

# General Fund Budget

## 2017 Proposed Spending by Department



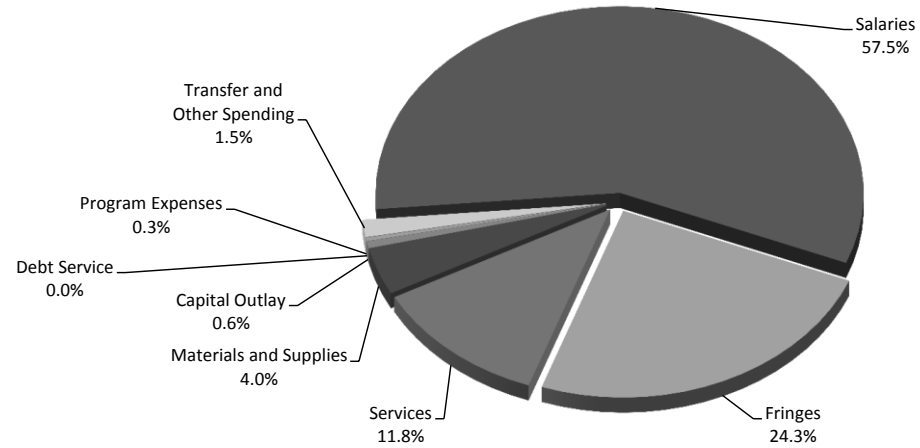
## General Fund Budget

General Fund Spending (By Major Account)			
Object	2015 Actual	2016 Adopted Budget	2017 Proposed Budget
Salaries	135,308,308	139,628,279	144,373,616
Fringes	55,964,326	59,738,906	60,990,011
Services	28,961,446	28,979,534	29,658,060
Materials and Supplies	9,632,562	9,581,691	9,732,211
Capital Outlay	780,623	408,777	1,529,777
Debt Service	5,460	66,937	66,937
Program Expenses	781,574	811,267	846,267
Transfer and Other Spending	2,610,503	2,804,035	3,800,228
Total	234,044,803	242,019,427	250,997,108

General Fund Financing (Revenue By Source)			
Source	2015 Actual	2016 Adopted Budget	2017 Proposed Budget
Taxes	74,452,217	76,374,659	79,282,228
Fees, Sales and Services	40,149,092	41,635,090	42,745,664
Franchise Fees	25,341,386	25,656,218	25,466,879
Fines and Forfeitures	92,686	77,000	77,000
Intergovernmental Revenue	71,824,056	74,040,440	77,567,848
Assessments	236,376		
Interest	1,341,742	3,115,034	2,365,034
License and Permits	12,439,797	11,477,649	11,752,899
Transfers and Other Financing	8,207,261	9,643,337	11,739,556
Total	234,084,613	242,019,427	250,997,108

## General Fund Budget

### 2017 Proposed Spending By Major Object



### 2017 Proposed Revenue By Source

