

City General Fund

General Fund – 2016 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 (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 adopted 2016 spending and financing plan.

Financing Highlights

The major financing sources for this fund are:

- ❖ Property Taxes – 30.3% (34.7% incl Library Agency)
- ❖ Local Gov't Aid – 25.7% (24.1% incl Library Agency)
- ❖ Franchise fees – 10.6%
- ❖ Other revenues, aids, and user fees – 33.4%

Certified Local Government Aid (LGA): Local Government Aid has been generally lower and less predictable since state aid cuts that 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, and a small increase in 2016 of less than 1%. Even after these increases, LGA is still nearly \$13.7 million less than the amount certified in 2003, and approximately \$47 million less than the 2003 certified amount after adjusting for inflation.

Property Tax Levy: Financing for the adopted budget includes 1.9% increase in property tax resources. The total adopted levy is \$105.6 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 2016 financing increase slightly based on recent performance. Franchise fees have experienced steady and consistent results over the past several years.

Parking Meter & Fine Revenue: The parking meter & fine budget increases by over \$1.1 million in revenue, primarily due to an expansion of the city's Downtown parking meter system. Informed by the Downtown Parking Study, expanding meter enforcement will maximize use of the parking supply by turning over on-street parking and encouraging ramp/lot use. By doing so, the city will spur economic development, street vitality and transit use. The parking meter expansion is expected to net about \$900k in revenue in 2016 from the parking meter system expansion. In addition, one-time parking meter maintenance costs will be funded by the HRA parking fund in 2016.

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.

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Rate of Spending Growth: Saint Paul's General Fund budget as adopted will increase by \$7.8 million, or 3.0% relative to 2015. The budget includes investments in innovation & technology modernization, maintains 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 2014, 2015 and 2016 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 2016 budget includes a significant amount of cost containment that prudently and responsibly manages costs while preserving service delivery levels.

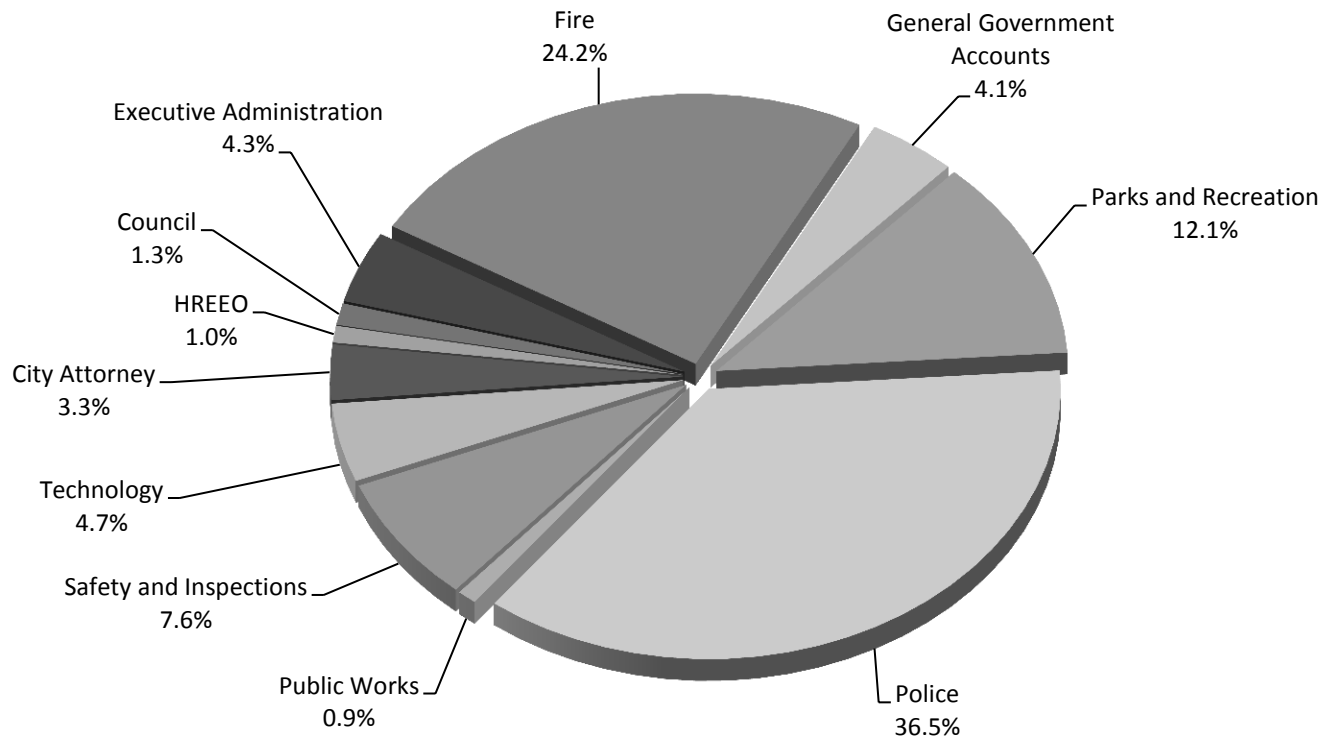
Maintaining Adequate Financial Reserves: From 1994 - 2005, the City spent from its General Fund balance to finance a share of the annual operating budget, which decreased the fund balance from its peak of 31% of subsequent year spending in 1998 to just under 15% in 2005. In 2006, the City enacted a fund 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 2016 adopted 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	2014 Actual	2015 Adopted Budget	2016 Adopted Budget
City Attorney	7,395,755	7,668,399	8,045,134
Council	2,941,529	3,076,661	3,152,886
Emergency Management	399,614	382,551	392,983
Financial Services	3,542,936	3,711,083	3,867,555
Fire and Safety Services	55,593,714	56,951,351	58,533,130
General Government Accounts	10,978,421	9,524,841	9,854,589
HREEO	1,723,407	1,853,545	2,382,837
Human Resources	4,296,206	4,039,162	4,165,648
Mayor's Office	1,405,712	1,822,069	1,879,710
Parks and Recreation	26,654,617	28,023,809	29,334,576
Police	84,686,992	86,068,806	88,358,514
Public Works	2,049,432	2,088,727	2,213,782
Safety and Inspection	15,778,886	17,927,343	18,510,696
Technology	11,412,298	11,071,470	11,327,387
Total	228,859,519	234,209,819	242,019,427

General Fund Budget

2016 Adopted Spending by Department



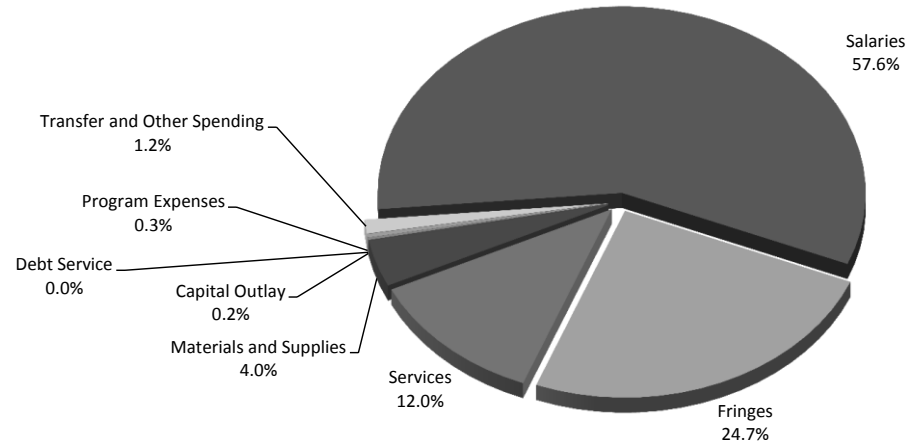
General Fund Budget

General Fund Spending (By Major Account)			
	2014	2015	2016
Object	Actual	Adopted Budget	Adopted Budget
Salaries	129,554,669	135,327,707	139,628,279
Fringes	54,544,067	57,272,394	59,738,906
Services	28,105,177	28,273,887	28,979,534
Materials and Supplies	10,705,683	9,141,122	9,581,691
Capital Outlay	354,351	582,580	408,777
Debt Service	37,650	103,700	66,937
Program Expenses	897,315	811,267	811,267
Transfer and Other Spending	4,660,607	2,697,161	2,804,035
Total	228,859,519	234,209,819	242,019,427

General Fund Financing (Revenue By Source)			
	2014	2015	2016
Source	Actual	Adopted Budget	Adopted Budget
Taxes	75,038,986	74,837,564	76,374,659
Fees, Sales and Services	38,145,950	39,433,834	41,635,090
Franchise Fees	25,957,526	25,584,650	25,656,218
Fines and Forfeitures	84,787	77,000	77,000
Intergovernmental Revenue	71,274,355	73,234,077	74,040,440
Assessments	71,200		
Interest	3,047,213	2,365,034	3,115,034
License and Permits	10,815,726	10,458,669	11,477,649
Transfers and Other Financing	6,301,061	8,218,991	9,643,337
Total	230,736,803	234,209,819	242,019,427

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2016 Adopted Spending By Major Object



2016 Adopted Revenue By Source

