

# **City General Fund**

## General Fund – 2016 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 2016 spending and financing plan.

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### Financing Highlights

The major financing sources for this fund are:

- ❖ Property Taxes – 30.2% (34.6% incl Library Agency)
- ❖ Local Gov't Aid – 25.6% (24.0% incl Library Agency)
- ❖ Franchise fees – 10.6%
- ❖ Other revenues, aids, and user fees – 33.6%

**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 proposed budget includes 1.9% increase in property tax resources. The total proposed 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:** Estimated 2016 financing increases 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 is proposed to increase by over \$1.7 million in gross revenue, primarily due to a proposed expansion of the city's parking meter system both downtown and through a pilot program in one or more neighborhood commercial areas. 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 \$1.3 million in 2016 after ongoing direct maintenance and enforcement costs. One-time implementation costs are proposed to be funded by the HRA parking fund.

### 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 – 2016 Proposed Budget

**Rate of Spending Growth:** Saint Paul's General Fund budget as proposed will increase by \$8.4 million, or 3.6% 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 25.6% of General Fund revenues (24.0% 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.

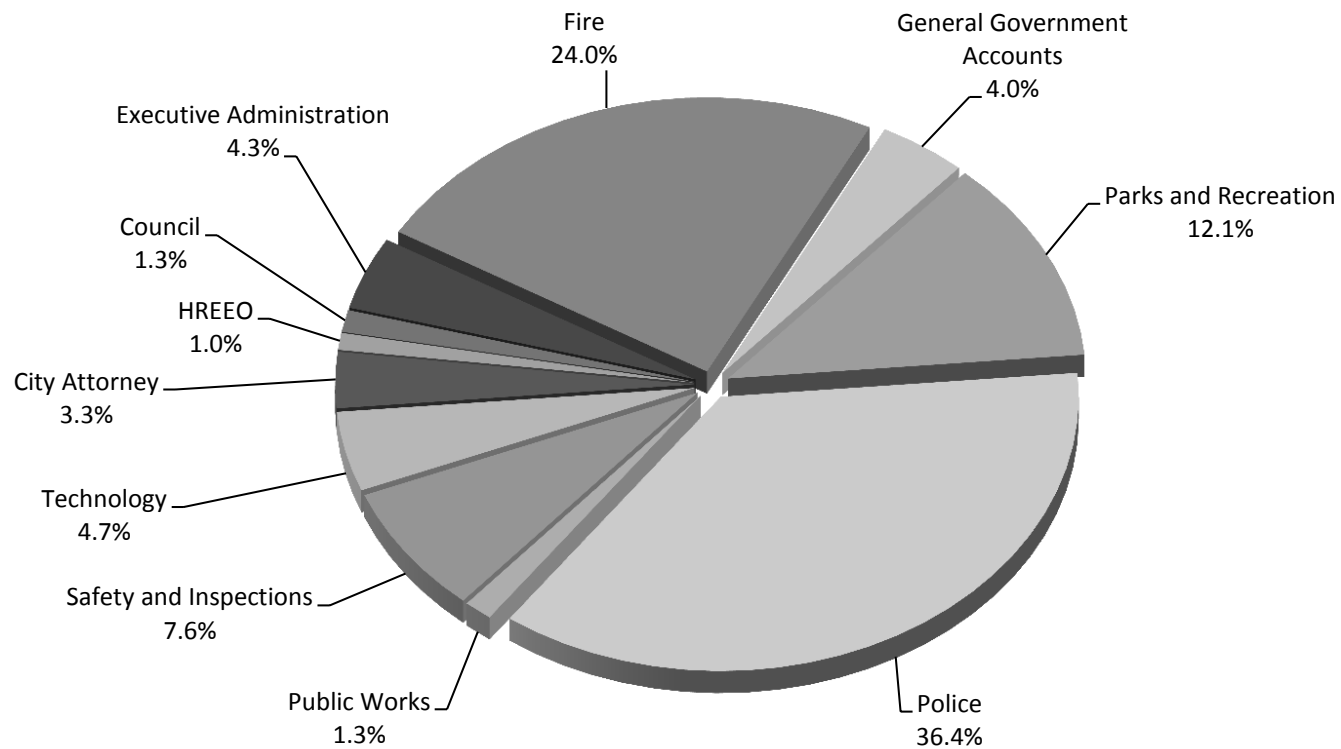
**Maintaining Adequate Financial Reserves:** From 1994 - 2005, the City spent from its General Fund balance to finance a share of the annual operating budget, which decreased the fund balance from its peak of 31% of subsequent year spending in 1998 to just under 15% in 2005. In 2006, the City enacted 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 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	2014 Adopted Budget	2015 Adopted Budget	2016 Proposed Budget
City Attorney	7,472,014	7,668,399	8,045,134
Council	3,066,538	3,076,661	3,152,885
Emergency Management	377,907	382,551	392,983
Financial Services	3,408,781	3,711,083	3,867,555
Fire and Safety Services	56,483,310	56,951,351	58,327,289
General Government Accounts	9,666,611	9,524,841	9,704,589
HREEO	1,812,058	1,853,545	2,332,837
Human Resources	4,298,586	4,039,162	4,215,648
Mayor's Office	1,774,902	1,822,069	1,879,710
Parks and Recreation	27,181,235	28,023,809	29,252,614
Police	84,450,262	86,068,806	88,394,719
Public Works	2,407,020	2,088,727	3,226,292
Safety and Inspection	17,573,317	17,927,343	18,510,696
Technology	11,091,247	11,071,470	11,327,387
Total	231,063,788	234,209,819	242,630,338

# General Fund Budget

## 2016 Proposed Spending by Department



## General Fund Budget

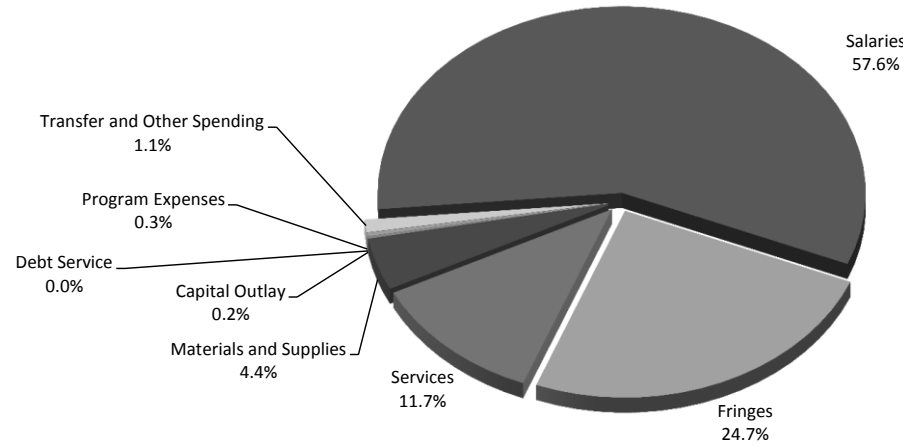
General Fund Spending (By Major Account)			
Object	2014 Adopted Budget	2015 Adopted Budget	2016 Proposed Budget
Salaries	131,991,534	135,327,707	139,698,713
Fringes	56,073,258	57,272,394	59,821,652
Services	27,743,401	28,273,887	28,458,534
Materials and Supplies	9,451,289	9,141,122	10,545,422
Capital Outlay	850,672	582,580	573,777
Debt Service	538,978	103,700	66,937
Program Expenses	811,267	811,267	811,267
Transfer and Other Spending	3,603,389	2,697,161	2,654,035
Total	231,063,788	234,209,819	242,630,338

General Fund Financing (Revenue By Source)			
Source	2014 Adopted Budget	2015 Adopted Budget	2016 Proposed Budget
Taxes	74,240,254	74,837,564	76,374,659
Fees, Sales and Services (a)	39,315,859	39,433,834	42,185,804
Franchise Fees	25,705,769	25,584,650	25,656,218
Fines and Forfeitures	67,000	77,000	77,000
Intergovernmental Revenue	71,528,114	73,234,077	74,040,440
Interest	2,065,034	2,365,034	3,115,034
License and Permits	10,118,204	10,458,669	11,477,649
Transfers and Other Financing (a)	8,023,554	8,218,991	9,703,534
Total	231,063,788	234,209,819	242,630,338

(a) Beginning with the 2013 Adopted budget, central service revenue was reclassified to services; in previous years, it was budgeted in transfers. This change was made to better comply with GASB reporting standards regarding transfer revenues.

## General Fund Budget

### 2016 Proposed Spending By Major Object



### 2016 Proposed Revenue By Source

