

# City General Fund Summary

## General Fund 2024 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 (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 proposed 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 carrying 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 20.1% 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 proposed budget includes a modest 3.7% increase in the property tax levy. The total 2024 proposed levy is \$208.5 million. The General Fund receives 76.9% 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 1.2% levied on behalf of the Saint Paul Port Authority. The 2024 proposed budget assumes 2% property tax non-payment. Property taxes in the General Fund make up 45.7% 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 proposed will increase by \$17 million, or 4.7% relative to 2023. The largest General Fund expense is employee wages and benefits – about 80% of all City General Fund spending is for personnel costs, accounting for more than \$11 million of the \$17 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 proposed 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.

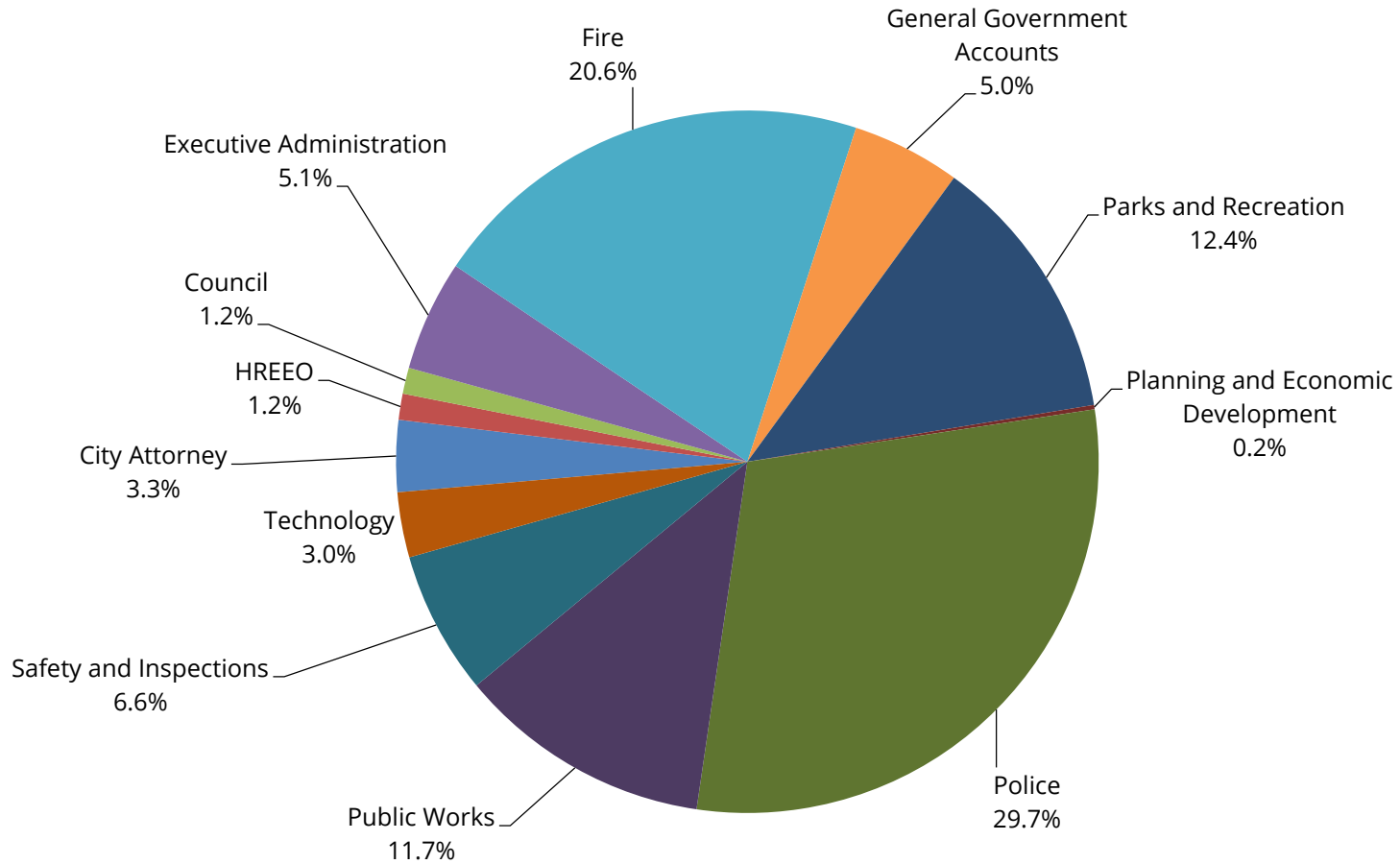
The 2024 proposed budget maintains compliance with the City fund balance policy, using a combination of ongoing and one-time solutions to balance the budget.

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 Adopted Budget	2023 Adopted Budget	2024 Proposed Budget
City Attorney	10,622,073	11,696,522	12,141,200
Council	3,824,299	4,185,903	4,336,666
Emergency Management	5,139,499	5,250,811	5,409,232
Financial Services	4,067,099	4,072,461	4,746,956
Fire and Safety Services	70,657,038	74,512,162	76,165,619
General Government Accounts	14,776,811	16,003,983	17,925,689
HREEO	3,784,689	3,879,270	4,319,741
Human Resources	5,139,556	5,248,866	6,417,918
Mayor's Office	2,169,628	2,378,713	2,432,875
Parks and Recreation	41,118,438	43,443,557	45,772,814
Planning and Economic Development	349,132	549,132	878,814
Police	104,027,528	106,622,201	109,737,257
Public Works	26,775,923	41,473,870	43,244,901
Safety and Inspection	21,107,116	23,334,949	24,499,199
Technology	10,622,042	10,590,847	11,247,956
Total	324,180,871	353,243,247	369,276,837

# General Fund Budget 2024 Proposed Spending by Department

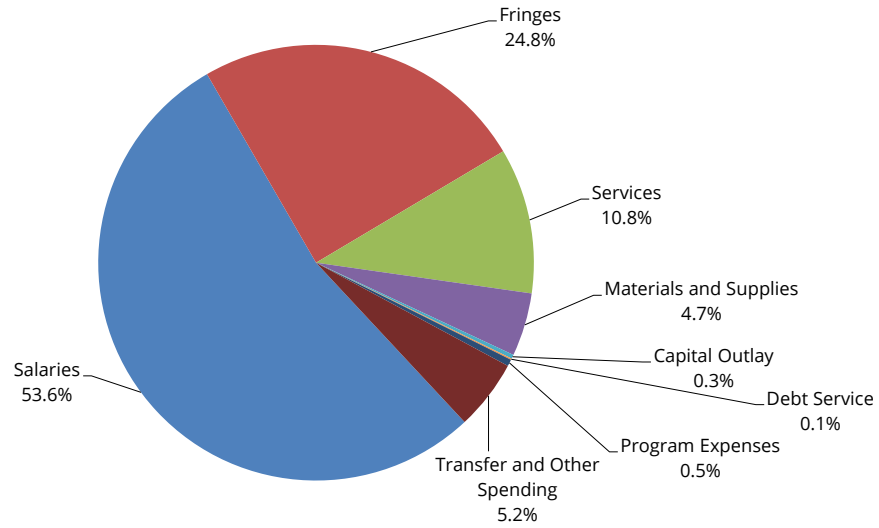


# General Fund Budget

General Fund Spending (By Major Account)			
Object	2022 Adopted Budget	2023 Adopted Budget	2024 Proposed Budget
Salaries	176,158,074	191,114,277	198,058,002
Fringes	83,380,935	88,835,166	91,710,154
Services	35,687,300	40,390,182	39,990,259
Materials and Supplies	13,944,770	17,314,429	17,344,831
Capital Outlay	786,472	960,472	1,153,878
Debt Service	66,987	147,037	243,356
Program Expenses	1,689,571	1,689,571	1,689,571
Transfer and Other Spending	12,466,762	12,792,113	19,086,786
Total	324,180,869	353,243,247	369,276,837

General Fund Financing (Revenue By Source)			
Source	2022 Adopted Budget	2023 Adopted Budget	2024 Proposed Budget
Taxes	135,105,342	158,063,615	161,591,705
Fees, Sales and Services	44,531,298	48,265,072	49,200,515
Franchise Fees	26,014,223	26,800,000	27,260,000
Fines and Forfeitures	63,500	63,500	63,500
Intergovernmental Revenue	88,278,512	89,824,668	99,855,978
Assessments	26,700	26,700	26,700
Interest	1,064,608	1,700,000	2,000,000
License and Permits	12,746,757	13,433,790	14,033,790
Transfers and Other Financing	16,349,927	15,065,902	15,244,649
Total	324,180,869	353,243,247	369,276,837

## General Fund Budget 2024 Proposed Adopted Spending By Major Object



## 2024 Proposed Revenue By Source

