

SUMMARY AND OVERVIEW

EXECUTIVE SUMMARY

FY2009 Annual Operating Plan

Each annual operating plan has as its primary task the charge of allocating resources in a manner that furthers City government's mission namely to provide safe neighborhoods, attractive parks and recreation, affordable housing, efficient transportation, a healthy citizenry, a vibrant and diverse economy and an efficient and efficient government.

The FY2009 Annual Operating Plan allocates a total of \$961.0 million toward securing those attributes that make the City a desirable place in which to live, work and visit. With the economic outlook for both the national and regional economies showing definitive signs of slowing if not actual recession, the next fiscal year will add to the ongoing challenge of furthering the City's mission during a period of economic uncertainty. This operating plan addresses a number of short and long term challenges. It appropriates funds from a recently approved one half cent public safety sales tax to provide additional funds for police and crime prevention programs as well as address longstanding funding shortfalls in

Police and Fire pensions. The Employee Pension plan will benefit from funding realized by recent settlement agreements with telecommunications companies and the City's tax on wireless communications revenues. Additional funds are allocated toward the City's detention facilities to ensure that existing capacity is fully maintained and available for use by the Corrections Division. This plan also addresses the increased costs of fueling and maintaining the City's vehicle fleet on which the public relies to provide street maintenance, snow removal and trash pick-up among other essential services. The City will be expanding its housing conservation district Citywide in the coming fiscal year funded in part by an

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increase in local use tax revenues. Every other year, the City is faced with providing for four City wide elections. In FY09 this includes a presidential election which is also to be funded in the coming fiscal year. Both operational and capital revenues will be applied toward the operation of the former Abram federal building on Market Street as a new home for the Departments of Health and Human Services and City Courts among other agencies. This relocation will address a long standing deficiency in the Health Department's current location at 634 N. Grand. Progress will continue on existing initiatives to complete construction of two new recreation centers in the City funded by a 1/8 cent sales tax approved in the previous year. Other capital improvement allocations, funded in part by additional gaming revenues from the City's new Lumiere Place gaming facility will address both rolling stock and municipal building improvement needs.

In spite of the economic uncertainties, the City has continued to make strides in addressing these and other challenges of

both long and short term nature. The FY09 Annual Operating Plan allocates the resources necessary to further these efforts.

The proposed \$961.0 million allocation of the FY2009 Annual Operating Plan represents a 10.7% increase over the current year appropriation of \$867.7 million. The comparison is a bit distorted in that some of this growth is due to the inclusion of one-time payments such as the \$12.6 million payment of FY08 obligations to ERS which will occur in FY09. Another factor is the appropriation of telecommunications revenues through a new ERS trust fund as an ongoing revenue source to fund ERS obligations. Adjusting for these budgetary anomalies, the increase is 7.4%, fueled in part by increased revenue from the new sales tax and related increase in the local use tax and the telecommunications settlement proceeds. Outside of these new sources, base revenue growth is expected to slow along with the overall economy.

Employee Pay and Health Benefits

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Approximately 70% of costs in providing the wide array of City services are related to the pay and benefits of City employees. While subject to final pay negotiations, the FY09 budget provides funding for the equivalent of a 2.5% cost of living increase for all employees. The total cost of this pay package is approximately \$9.1 million for all funds. The general fund share of this cost is approximately \$6.7M. Of this amount, \$1.7 million is derived from a portion of the new public safety sales tax with the balance of \$5.0 million assumed by a general fund allocation. The cost of providing employee health insurance will also increase in FY09 by approximately 15%, resulting in a total increase of \$3.3 million in all funds of which approximately \$2.1 million is borne by the City's general fund.

Employee Pensions

The funding of the City's three pension systems has been an ongoing challenge for the past number of years. The systems have remained relatively well funded, 90%, 93% and 88% for the

Police, Fire and Employee Retirement Systems respectively. However, in previous years, the prospect of funding each of the systems annual required contributions has been daunting. In the FY09 budget, all past and present obligations to the three systems will be met. This has been accomplished through a variety of measures. In 2007, the City issued \$140 million in bonds to satisfy past obligations to the systems through FY07. Another bond issue is anticipated in FY08 to provide an additional \$20 million to the Police and Fire systems which along with \$12.6 million in FY09 payments to the employee system will bring all past City contributions up to date. A combination of new revenue sources in FY09 will be utilized to meet the ongoing pension costs as well as the new debt service requirements. A total of \$11 million from the new public safety sales tax will be dedicated to Police and Fire Pensions. A portion of the increase in telecommunications tax revenues, \$5.5M, will be allocated to the Employee Retirement System. In total, the FY09

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budget appropriates \$66.9 million from all funds for pension and pension related debt obligations. Of this amount, \$45 million is from the general fund including the \$12.6 million payment to ERS.

New Police Officers and Crime Prevention Initiatives

The new public safety sales tax will provide an estimated \$18 million in new revenue per year. Given a two month lag from the July 1, 2008 implementation date, FY09 receipts are projected at \$15 million. In addition to the pay and pension issues addressed with these new funds, the sales tax proceeds will also serve as the means for increasing the uniformed Police force to a total of 1,400 officers by the end of the fiscal year. An additional \$1 million of proceeds is being allocation to the development of crime prevention programs to be administered by the Department of Public Safety

City Wide Housing Conservation

The FY09 operating plan allocates funds for an expansion of the Housing Conservation District Program. A new

ordinance will provide that all neighborhoods in the City will now be part of the program. Under direction of the City's Building Division, a total of 11 new building inspector positions will be added at a cost of approximately \$450,000. A good portion of this cost will be offset by additional inspection fee revenue.

MSI and Justice Center Operations

As with the previous fiscal year, an increase in the prisoner census at both the Medium Security Institution (MSI) and City Justice Center (CJC) has added considerably to the operating costs of the two facilities. With a total census often approaching 2,150 inmates, the costs of both staffing the facilities as well as providing both contractual medical and food costs have continued to rise. The FY09 budget allocates an additional \$2.0 million to ensure that this essential link in the criminal justice system remains fully funded and functioning.

Park and Recreation Improvements

Progress on development and

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construction of two new city recreation centers will continue in FY09. A total of \$4.4 million in Local Park sales tax funds approved in 2006 will support the funding of these projects as well as provide for recreational programming. A total of \$3.6 million is being allocated in a special trust fund to the maintenance of Forest Park. These funds are comprised of a \$1.6 million contribution from the City's general fund and \$2.0 million in annual proceeds from a lease agreement with BJC Hospitals negotiated in the previous year.

Homeless Services Programs

The Department of Human Services will continue its efforts to administer the proceeds of an \$11 million grant awarded by the U.S. Department of Housing and Urban Development. The grant will provide funds for a variety of homeless services programs and is part of the City's ten year effort to end chronic homelessness.

Gateway Transportation Center

It is anticipated that in FY09, the new

Gateway Transportation Center will be fully operational. The FY09 budget allocates \$1.0 million for staffing and operating costs of the facility. The new center will provide a single site for interstate bus and rail travel as well as a connection with local transportation service. Operations of the center will be funded through rents paid by the tenants of the facility.

Relocation of Health and Human Services Departments

With the recent purchase of the former federal building on Market Street (previously known as the Abram Building), the City has acquired a new space for relocating departments currently housed in outdated or leased space. The Departments of Health and Hospitals and Human Services are expected to move from their current location at 634 N. Grand to the new building some time around the middle of the fiscal year. City Courts is also a prospective tenant that is to be moved shortly thereafter. The FY09 budget

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anticipates the occupation of the building once existing federal agencies vacate by the end of the June. A total of \$1.8 million has been allocated in FY09 for operating costs of the new facility. In addition, it is anticipated that \$5M funded through a capital fund financing will provide the renovations and improvements necessary for the City's occupation.

Miscellaneous Department Items

City Wide Accounts

Included in the City Wide Accounts appropriation is the \$12.6 million payment to ERS and \$5.0 million amount for pay increases previously discussed. Among other items, \$500,000 has been allocated as estimated general funds cost for the state audit in FY09. An additional \$600,000 has been allocated for operations of the Assessor's office after utilizing an existing fund balance amount in the previous year. Through a financing arrangement that will apply over \$10 million in debt service reserve funds for Justice Center debt service, general fund

debt service costs will decline by \$10.1 million. It is through this reduction in debt costs along with an application of telecommunication settlement proceeds that the City is funding the \$12.6 million ERS pension obligation described earlier.

Parks Department

The Parks Department budget will include the operations of Soulard Market in FY09. The Market was previously a part of the Department of Public Utilities.

County Offices

With recent innovations in voting technologies, the cost of running an election has increased substantially in recent years. There are four scheduled elections in FY09, including the presidential election. The FY09 budget for the Board of Elections has an additional \$1.6 million allocated to ensure the smooth and effective running of the City's electoral process.

Street Department

A regular use of snow fighting supplies this past season has led to an increase in

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the appropriation for supplies for the Street Division. In addition, the cost of materials associated with maintaining street lights and traffic signals continue to rise. The FY09 budget allocates an additional \$300,000 to address these needs. The Street Department will also be monitoring and managing the traffic effects of the closure due to reconstruction of I-64.

Police and Public Safety

Previously mentioned, the new public safety sales tax will provide the funding for increasing the number of Police officers to 1,400 while also providing funds to develop new crime prevention programs. In addition to the expanded corrections division funding and the housing conservation district program expansion, the Department of Public Safety will be reestablishing the City's Emergency Management Agency (CEMA) as a separate division within the department.

Health and Human Services

The Family and Community Health

Section of the Department of Health and Hospitals will be adding three additional staff as part of an infant mortality reduction initiative. Health and Hospitals will also be administering an additional \$1.6M in grant funded programs targeting communicable disease control efforts and environmental health services.

Board of Public Service

The rising cost of fuel and the cost of maintaining the City's aging fleet of vehicles has resulted in an increase of \$1.4M to the City Equipment Services Division of the Board of Public Service.

Fund Groups

The total recommended budget for FY2009 is \$961.0 million, and is funded by a combination of local tax and fee collections, dedicated funds for enterprise functions and project specific grants. The vast majority of local taxes and fees collected are used in support of general fund activities. The remaining local collections are deposited in special accounts due to legal requirements and are used to augment the services

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provided by the general fund. These special funds include those containing the Local Use Tax, revenues from gaming operations, the cable television gross receipts tax, the state subsidy for property tax assessment, building demolition, lead abatement and other special funds. In the budget, these amounts are further broken down by departmental activities using specific projects and accounts, with appropriate distinctions being made between operating and capital expenditures.

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GENERAL FUND OPERATIONS

The general fund budget in combination with a variety of special funds supports those recurring activities necessary for the operation of City government. These activities are supported by a combination of revenues derived from taxes, fees, fines and intergovernmental transfer payments.

At \$460.5 million, the FY2009 general fund budget is the largest of the City funding units. In turn, the largest allocation under the general fund is for public safety at \$245.7 million, of which \$129.7 million is for police services. The remaining public safety allocation from the general fund provides for fire protection, pre-trial inmate housing, emergency medical services, and various permitting, inspection and neighborhoods stabilization activities. The general fund budget also funds the majority of park and recreation operations at \$20.5 million, streets, traffic and refuse collection for \$31.0 million and government and finance operations at

\$32.6 million. Functioning as both a City and County the general fund also includes appropriations for the 22nd judicial circuit of Missouri and a number of county office functions for \$56.8 million. Debt service payments for large projects funded through lease arrangements are included in the general fund allocation in the amount of \$21.3 million. Lease debt payments in FY09 include the annual lease payments on the Scottrade Center, St. Louis Marketplace and the Convention Center/Stadium complexes. The remainder of the general fund budget can be categorized as paying for engineering services, maintenance and operations of public buildings, and fleet services.

SPECIAL FUNDS

Federal and State Grants

The largest category of special funds is grant funds secured from agencies at both the State and Federal level. These funds are included in the proposed budget in the amount of \$63.2 million, a 21% increase from the current year. The largest portion of these grant funds are

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dedicated to health programs and social service programs administered by the Department of Health and the Department of Human Services respectively. Much of the increase in FY2009 is related to an \$11 million HUD grant awarded to the City to be administered by the Department of Human Services in support of programs to end chronic homelessness. Combined with existing grants, a total of \$34.5 million in grant funds will be allocated for use by these two departments. Public safety and neighborhood stabilization issues are addressed with miscellaneous project specific grants administered by the Police Department and various Public Safety Block Grants. Grants for this category total \$10.1 million in FY2009. The remaining grant funds support the City's efforts in the provision of job training services through the St. Louis Agency for Training and Employment and with providing administrative support for the Law Department and the Community Development Agency.

Other Special Revenue Funds

The remaining special fund allocations in the budget come from revenues which are legally required to be accounted for separately from the general fund. This category includes the new funds previously mentioned, relating to the 1/2 cent sales tax for public safety and the new Employee Pension Trust Fund. Other funds include \$34.3 million expected in FY 2009 from the Local Use Tax. Programs funded by the Local Use Tax include health care, building demolition, affordable housing, police services, and neighborhood preservation. This budget also allocates \$10 million from gaming operations which is used for capital improvements and enhancing the safety of the public visiting the riverfront. Special revenue funds also allocated in this budget include the convention and tourism fund, the assessment fund, communications fund and other miscellaneous special for demolition of condemned buildings, and repair of sewer lines.

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DEBT SERVICE FUND

The budget allocates \$6.3 million in debt service payments on the City's outstanding general obligation debt. New general obligation debt in the amount of \$13 million was issued in 2006 for financing matching grants for street and bridge projects as well as floodwall repairs and for public safety communications systems. The new bonds are in addition to bonds issued in 1999 for public safety related capital equipment and improvements. In total, \$50.9 million in G.O. bonds remains outstanding.

CAPITAL IMPROVEMENTS

The budget allocates \$31.1 million in funds dedicated to equipment purchases and capital improvements. The sources include a dedicated 1/2 cent sales tax, a portion of a 1/10 cent sales tax, a portion of the state gasoline tax, gaming admissions receipts, and proceeds from asset sales. Projects funded include infrastructure improvements to bridges, streets, and buildings, as well as debt service on previously approved projects

such as the Justice Center and Civil Courts Building.

ENTERPRISE FUND OPERATIONS

The Water Division and the Airport are the City's two enterprise funds. Allocations for these departments are included in the FY2009 budget at \$56.8 million and \$162.5 million, respectively. The Water Division receives its income from the sale of water to residents of the City and recently from the sale of water to other municipalities in the metropolitan area. Approximately 8% of the Water Division's budget or \$4.4 million is devoted to retirement of revenue bonds issued for capital improvements to the divisions' two treatment facilities and an upgrade of the supporting infrastructure. With a budget of \$162.5 million, the Airport is the City's largest cost center and is supported entirely by user fees paid by airlines and concessionaires, along with federal funds. Approximately 40% of the airport's budget is devoted to debt service payments on revenue bonds for Airport expansion and to facilitate repair and maintenance of the runways

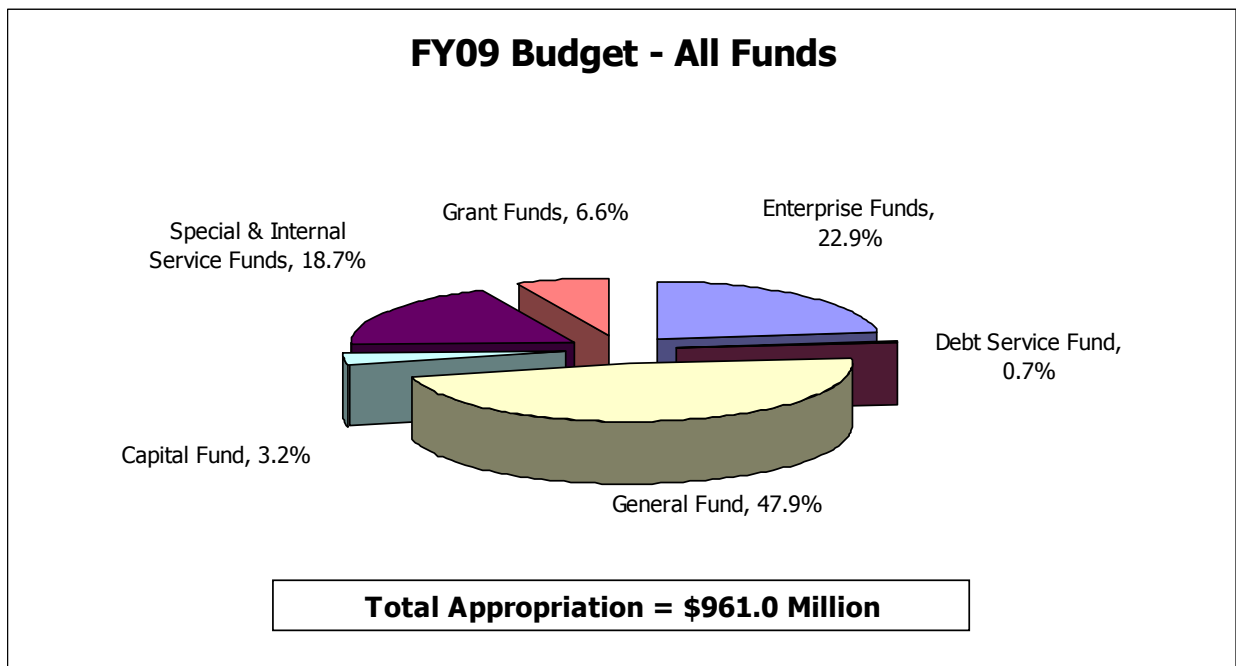
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and terminals. The remaining budget amounts provide for the administration and daily operations of both the Airport and Water Division.

The graph below illustrates the total budget distributed among fund groups. The following page presents a summary of highlights of the FY2009 Annual Operating Plan.

INTERNAL SERVICE FUNDS

The City's internal service funds are funds used to account for the financing of goods or services provided by one department or agency to other departments or agencies. These include the City's mailroom and employee health benefits fund. Appropriations for these funds total \$0.8 million and \$37.2 million respectively.



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FY2009 Operating Plan Highlights

- \$6.6 million in general and public safety sales tax funds for pay increases for City employees
- \$3.3 million for a 15% increase in Health insurance costs for City employees of all funds
- \$15 million in new 1/2 cent sales tax funds for financing Police and Fire pensions and pay, new Police officers and crime prevention programs
- \$12.6 million to meet final payments on FY08 obligations to Employee Retirement System
- \$450,000 for City wide expansion of Housing Conservation District program
- \$2.0 million in additional funds to Corrections Division to meet costs of higher inmate populations at MSI and City Justice Center (CJC)
- \$1.0 million for staffing and operating costs of new Gateway Transportation Center
- \$300,000 in additional salt supply and traffic materials in Street Department
- \$10.1 million reduction in general fund debt costs with release of CJC debt service reserve
- \$1.6 million increase in Election Board costs for four scheduled elections in fiscal year
- \$1.6 million in additional grant appropriations for communicable disease and environmental health efforts of the Health Division
- \$5.8 million in additional grant appropriations for homeless services program funding of the Dept. of Human Services
- \$1.6 million in operational costs of 1520 Market Building (Abram) as new home for City departments
- \$1.4 million increase in fuel and fleet supply items of the Equipment Services Division
- \$100,000 in C&T funds to the St. Louis Sports Commission for sporting event acquisition efforts
- Net increase of 62 positions in all funds of which a net 45 are general fund positions

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In summary, the total budget appropriation for FY2009 is \$961.0 million. Nearly half, or \$460.5 million, is appropriated from general revenue to pay for day-to-day City operations. City general funds are supplemented by a total of \$63.2 million in grants from State and Federal Sources. The remainder of the budget comes from a variety of special and enterprise funds maintained by the City in compliance with specific ordinances or agreements. The FY09 proposed annual operating plan includes new public safety initiatives with the help of a voter approved public safety sales tax. It continues efforts toward construction of two new recreation centers for the City and provides for continued upkeep of its many parks through dedicating new and existing funds for these purposes. It contains funding for Citywide housing conservation efforts for preserving neighborhoods. It allocates capital funds for the maintenance and reconstruction of various street, bridge and other infrastructure improvements. It provides for a pilot program to reduce infant mortality and appropriates funds to help

solve the problem of chronic homelessness. Finally it addresses the fixed obligations of running City government, including debt service requirements and the full funding of its pension obligations. It is through an efficient and effective allocation of the resources contained in this Annual Operating Plan that the City will strive to achieve the challenges of its mission in the coming fiscal year.

GENERAL FUND OVERVIEW

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Sources of Funds

General fund revenues for FY2009 are forecast at \$460.5 million, an increase of 6.1% over the current year's revised estimate of \$434.0 million. This estimate, however, contains a release of \$16 million in telecommunications tax settlement payments. After adjusting for these payments, the increase in revenues is estimated at a more modest 2.4%. This estimate incorporates the first full year of the telecommunications tax changes and projects a slowing in growth for the larger taxes such as sales, earnings and payroll taxes, indicative of the current economic environment.

The Earnings tax, the largest single revenue producer, is predicted to grow at a rate of 1.3% over the revised FY2008 estimate. This is projection calls for slower growth compared to the projected increase of approximately 3% for the current fiscal year. A slowing economy and specific workforce reductions such as Macy's, where 850 jobs are to be eliminated downtown by the second quarter of 2008, are projected to have a

negative impact on overall growth. A projected slowing in corporate profits, which comprise nearly 15% of earnings tax receipts and have been a source of steady growth in the past few years, is also anticipated to contribute to a return to a more moderate growth trend. The payroll tax has produced good year to date results and is projected to finish FY2008 up nearly 5%. Both increased collection efforts as well as severance payments related to corporate restructurings can be cited as contributing to growth in the current fiscal year. Like the earnings tax, payroll tax receipt growth is projected to slow with the economy and is projected to increase a modest 1.3% in FY2009.

Property tax revenues in FY2008 have been slowed somewhat by delays associated with protested assessments. Overall, property tax receipts are projected to be up nearly 2.5%. This growth is comprised of a projected increase or about 4.5% in real property tax receipts coupled with an actual decline in personal property taxes of approximately 6%. In FY09, property tax

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receipts are projected to continue growth at 2.5%. The property tax will remain a source of about 11% of general fund revenues. The growth in assessed value of real property in recent years is expected to moderate in the future as the housing market slowdown continues. Still, relatively stable housing values as well as continued commercial development remain dominant features of the property tax base.

General sales tax revenues, after showing some strength in the first part of the fiscal year, weakened in the second half and are projected to end the year up 2.4%. The sales tax is traditionally the most susceptible to downturns in the economy.

Projections for FY2009 reduce overall growth to a modest 1% for the year. Revenues from the state of Missouri representing the city's share of state automobile sales taxes have declined in FY2008. This has been compounded in part by increased deductions for collection fees not previously deducted by the State and a catch-up deduction for previous fiscal years. Revenues are projected to increase in by 2.5% in FY09. Gasoline tax

revenues which are based on a statewide tax and ultimately distributed to local government units have also continued unabated in spite of the recent fluctuations in fuel prices. The forecast for FY2009 is in line with historical receipts.

One-time settlement payments and a change in the franchise tax on telecommunications will contribute to an estimated 12% increase in Franchise and utility tax revenue FY09. This is the result of recent settlement agreements with telecommunications companies in the current fiscal year. By City ordinance effective in November, 2007, the City reduced its tax rate on phone companies from 10% to 7.5%. In exchange, the telecommunications companies which had previously protested the inclusion of receipts from wireless communications under the tax agreed to their inclusion. The resulting revenue total for telecommunications franchises is estimated to be \$15M on an annual basis an increase of about \$7 million over FY07 receipts, or the last full year under the old rate. Of the total projected receipts of \$15 million, \$13.5 million will be deposited

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into an employee pension trust fund to be used to pay for costs associated with City employee pensions. Additionally, a total of \$16 million in one-time telecom settlement payments are being budgeted along with the franchise tax revenues in FY09 resulting in the projected increase in this category. As to other franchise receipts, weather can play a dominant factor in receipts for both natural gas and electricity. In FY08, these two revenues are projected to be up 4.5% and down 3.7% respectively. Collectively, receipts are to be up an estimated 2.2% for the year and are projected to repeat that performance in FY09. Gross receipts revenues from sales of water are projected to increase by 13% as a result of a recent rate increase by the City's Water Division to pay for the increased costs of water production.

Amusement tax receipts performed well in FY08 with increases in revenue of about 5% from both professional football and hockey games. The amusement tax is projected to show a more moderate growth in FY2009 of about 2.2%. Cigarette taxes continued a pattern of

gradual decline in FY08 and are projected to be down 1.5% in FY09. Restaurant taxes are projected to be up just about 2.7% in the current fiscal year, but like sales taxes, are often susceptible to slow downs in the economy. Projections for FY09 restaurant tax receipts assume growth of 1.5%. Meanwhile, hotel tax receipts have already exhibited some signs of slowing in the second half of FY08 and are projected to increase only slightly by 1% in FY09. The largest category of license fees remains the graduated business license, bringing in about \$7.9M in general revenues. Given that the GBL is based on a fixed graduated schedule no growth is projected in FY09. Overall license fees are projected to increase just under 1% over revised FY08 estimates.

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In FY2008, Departmental receipts collections showed the most susceptibility to the slow down in the housing market. Revenues from the Recorder of Deeds as well as building permit fees showed significant declines, collectively dropping \$1.2 million from the previous fiscal year.

While FY09 does not anticipate an increase in recorded instrument fees, building permit fees are expected to rise based on projection for a number of pending commercial developments. Also increasing are revenues from certificates of inspections. With the City wide expansion of housing conservation districts, another \$500,000 in revenue is projected to be received by the Building Division revenues helping offset the costs of the program. In City Courts, red light camera enforcement efforts are expected to generate close to \$2 million in FY08. While the number of sites using this traffic enforcement tool is expected to increase, revenue is projected to remain stable in FY09 as motorists adjust driving behavior thus producing the public safety benefits of this program. In the Corrections Division, a backlog in the adjudication of criminal defendants held at the City

detention facilities also served to delay reimbursement payments from the state for housing prisoners in FY08. Prisoner reimbursement revenues are projected to increase by approximately \$1.4 million in FY09 as the case flow has returned to normal.

Uses of Funds

The FY2009 General Fund budget is generally viewed along departmental lines with the Police Department and other departments of Public Safety representing over 50% of the total allocation. In FY09, revenues from the new public safety sales tax will supplement the public safety allocation. In addition to increases in the Police Department, the largest increase among other public safety departments is a net increase of \$2.0 million in the Division of Corrections for increased operations at the City's Medium Security Institution and City Justice Center. The Fire Department will also receive an approximate \$500,000 increase to address continued operating costs.

One of the more notable increases in costs occurring in FY09 can be found at

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the Board of Elections. During the next fiscal year, there will be four City wide elections held, including the presidential election in November. While the new touch screen and scanner voting technologies have improved the election process, the cost of running elections has increased significantly. In FY09, a total increase of \$1.6 million has been allocated to the Board of Elections for the administration of the upcoming elections

City-Wide Accounts refers to those items that are not department specific. As previously discussed, the City-Wide Accounts allocation in FY09 will include the \$12.6 million budgeted for the City's past obligation to the Employee Retirement System. This will be offset in part by a \$10.1 million reduction in lease payments made possible by the application of a debt service toward the City Justice Center debt. The City Wide Accounts includes \$5.0 million for pay increases for City employees, an increase of \$600,000 for subsidizing the operations of the Assessors office and \$500,000 as the estimated general fund cost of the state audit in FY09.

The Department of Streets experienced an increase in snow calls over the past winter season and while the Traffic Division continues to face increases in the costs of repairing and maintaining street and traffic lights. A total increase of \$300,000 has been allocated to the Street Department to address these needs

The Parks Department will continue to benefit from a combination of general fund support in addition to park lease revenues and support from private sources. Operations of Soulard Market, previously under the Department of Public Utilities will be moved under the Parks Department beginning in FY2009.

The Board of Public Service has responsibility for providing engineering services as well as providing for the City's public buildings and fleet of rolling stock. The Equipment Services Division has been most affected by the increase in the costs of fuel and motor vehicle parts. ESD will see an increase of \$1.4 million in fuel and fleet supplies to address these costs. General Government agencies have

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submitted slight reductions as a continued effort to reduce managerial and administrative costs. The Information Technology Services Agency (ITSA) in conjunction with the Citizen's Service Bureau will be implementing the first phases of a new CityWorks program that enhances workers ability in the field to track, receive and respond to work order requests received from the Citizen's Service Bureau. The FY09 estimated cost of this project is \$118,000.

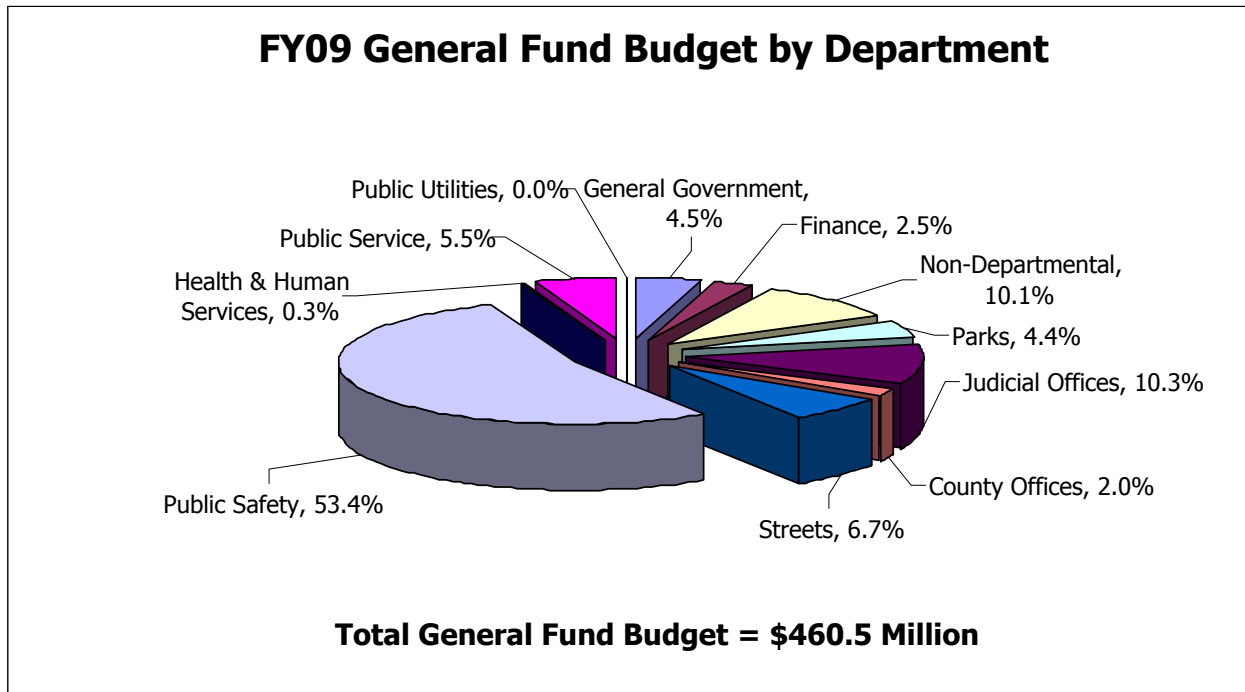
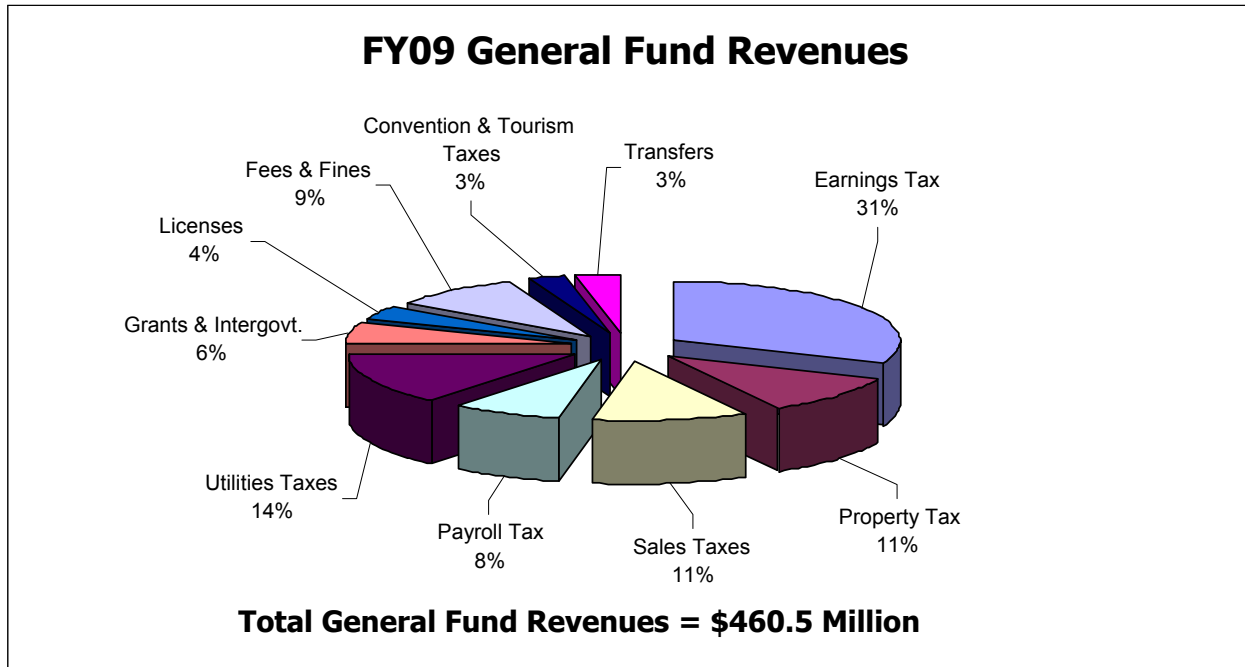
In another area of General Government, the City anticipates full occupation of the former federal building at 1520 Market Street (formerly the Abram building). It is anticipated that this building will be the new home for the Departments of Health and Human Services and City Courts among other agencies. Total operating costs of the building are estimated at \$1.6 million in FY09.

Health and Human Services are funded primarily with local use tax special revenues and grant funds and thus do not represent a significant portion of the general fund budget.

As required by state law, the proposed general fund budget is in balance with projected revenues. And while the proposed budget does rely on a number of one-time sources to keep this balanced state, it does not do so by drawing upon existing reserves. The proposed budget maintains its goal of maintaining its unreserved operating fund equal to five percent of the general fund budget.

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The following charts illustrate the sources and uses of funds.



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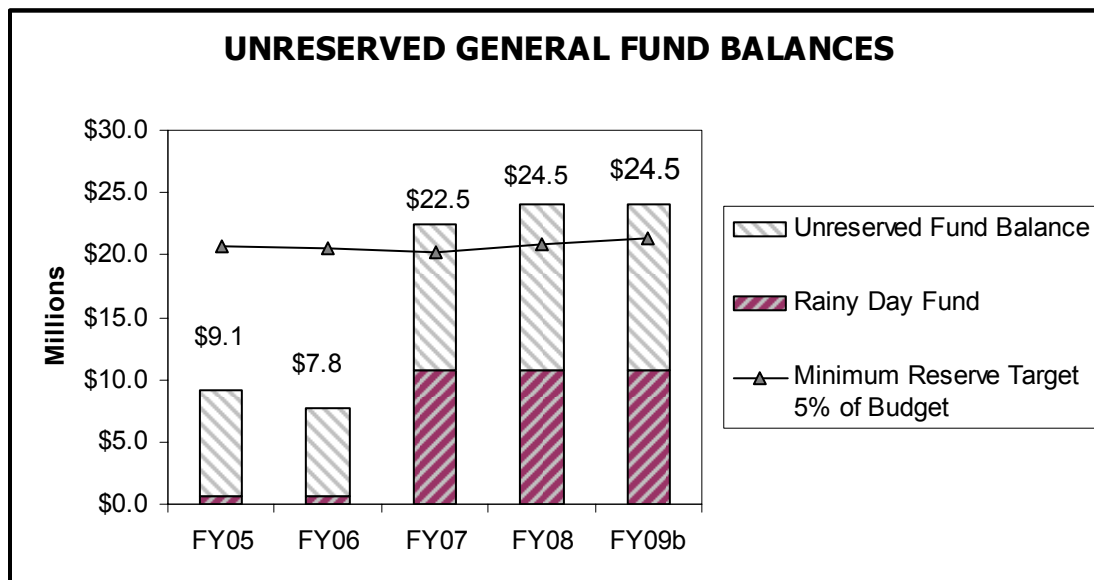
Projected Operating Results

The adjacent table presents the projected general fund operating results for FY09. The proposed general fund appropriation is balanced at \$460.5 million. As can be seen from the chart below, the proposed budget is projected to maintain its unreserved general fund balance within the target of 5% of the proposed budget.

FY2009

General Fund Projected Operating Results

Estimated Revenue	460,565,200
General Fund Appropriation	\$460,546,273
Operating Balance	<u>\$ 18,927</u>



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OTHER FUNDS

Projected Operating Results

While much of the budgetary focus is placed on discretionary spending of the General Fund, the operating balances of other funds can also have an impact on budget development.

In the Special Funds category, Local Use Tax Fund revenues are expected to increase with the increase in the sales tax rate. With Local Use Tax revenues exceeding original estimates in the current fiscal year, a total estimated fund balance of \$1.7 million has been appropriated in FY09. Assessment fund balances can vary with timing of payments from the state. In FY08, the usual general fund subsidy of the Assessors office was supplemented by a beginning Assessment fund balance of over \$300,000. It is not anticipated that such a balance will exist at the end of the current fiscal year, thus increasing the need for additional subsidy in FY09. Communications Fund revenues that are not budgeted for operations of the

Communications Division are allocated as a supplement to General Fund revenues in the amount of \$250,000. Riverboat gaming fund revenues are exceeding original estimates in FY08. With total projections of gaming revenues topping \$10 million in FY09, gaming fund allocations will increase by a total of \$4.1 million in the next fiscal year, providing additional funds for capital projects as well as economic development and flood wall improvements.

In the Enterprise Funds, the Water Division's budget will benefit from the recent increase in Water rates. This rate increase was necessary to meet the increased costs of water production. The Water Division budget is developed to balance with its projected revenues. The Airport generally formulates a budget that is less than projected revenues in order to address any contingencies or emergency expenditures that may arise during the fiscal year. Under the Internal Service Funds, The Employee Benefits Fund will have completed its amortization payments on a deficit that accrued when the system was self-insured.

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Finally, the Capital Fund is programmed to benefit by receiving one-half of any General Fund Operating surplus from the previous year as well as any unspent or beginning balances from previous years. The proposed Capital Fund budget includes \$2.9 million in beginning balance amounts that have accrued to the various capital fund accounts.

CAPITAL IMPROVEMENTS

The City of St. Louis Capital Committee has developed a five-year Capital Improvements Plan containing projects that have an estimated cost of \$360 million. These projects will be funded through a combination of local, state and federal funds. Over the five year period, an estimated \$210 million will be appropriated for cash payments and debt service requirements, and in some cases the local matching share for road and bridge repair projects and major flood protection projects. The FY2009 Capital Budget funds the first year of the plan with a recommended appropriation of \$31.1 million. Sales taxes for capital improvement will generate \$18.3 million

in FY2009 or approximately 41% of the total revenue. Other revenues supporting the capital budget include \$0.35 million from asset sales, \$5.7 million from projected gaming revenues, \$1.4 million from court fees, \$0.6 million from gasoline tax revenues.

Capital expenses planned for FY2009 include those for projects designed to further the City's goal of stabilizing neighborhoods as well as increasing the efficiency of service delivery through replacement of vital equipment required to deliver those services. Funding policy established by the Capital Committee sets a high priority on leveraging non-city funds to the maximum extent possible to effect major improvements to roads and bridges. For FY2009, part of funding for major road and bridge projects and facility projects will come from the Municipal Facility and Infrastructure Debt Service which will provide the sum of \$12.5 million in addition to the capital budget appropriation.

Ward Improvements - \$9.5 million:
Each of the City's 28 wards will be allocated \$308,750 plus their portion of

SUMMARY AND OVERVIEW

the \$824,000 beginning balance, projects such as neighborhood park improvements, street resurfacing, sidewalk replacement, and refuse container replacement. Actual projects were recommended by the ward alderman subject to approval by the Board of Estimate and Apportionment.

Major Parks & Recreation Centers – \$4.3 million:

The City's six major parks, Forest, Tower Grove, Carondelet, Fairgrounds, O'Fallon, and Willmore will share \$3.6 million, plus \$0.7 million from the beginning balance. Planned projects include roadway repairs, equipment replacement and improvements to playgrounds. Recreation Centers will receive a total of \$0.5 million, which includes the beginning balance, and will be used for the construction of the new Southside Recreation Center.

Facility Improvements - \$9.8 million:

Funds categorized as being for facility improvements will service previously incurred debt for construction and renovations of several City facilities. In addition to capital funds, the Municipal Facility and Infrastructure Debt Service will provide \$10.4 million.

Equipment Replacement - \$3.0 million:

\$2.5 million in debt service expenditures include replacement of rolling stock necessary to the refuse collection, street cleaning, and animal regulation functions. A line of credit has been obtained and will be used for a replacement of rolling stock up to the existing available balance. Replacement and upgrading of computer hardware and the 911 emergency response system is included. In addition, Police will receive \$0.2 million for equipment purposes.

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Bridge & Street Improvements - \$1.3 million total:

Bridge and street improvement projects are funded in conjunction with the federal ISTE program. The City's share of those projects averages 20% of the total cost. For FY2009, the required funding for these projects will come from both the City appropriation and the new Municipal Facility and Infrastructure Debt Service.

BUDGET FORMAT

The remainder of this budget document is divided into the following sections:

Budget Overview: This section provides a more detailed discussion of the City's projected revenues and expenditures. The discussion includes an overall economic outlook for the City and includes summary tables illustrating projected revenues and appropriations for all funds.

Department and Program Budgets:

This section is divided by major City departments. Each department begins with a summary of budget statistics and

is followed by division and program budgets within each department.

The division and program budgets are presented in a format that contains narrative information about respective programs and identifies outputs and projected performance levels.

Capital Improvements: The City's FY2009 Capital Budget and Capital Improvement Plan are presented in this section. A detailed discussion of the five-year plan and description for each capital project are being submitted under a separate cover.

Appendix: The appendix includes supplemental information about the City and its budget including debt issues, the budget process, trends in personnel, etc.

SUMMARY AND OVERVIEW

BUDGET OVERVIEW

This section presents summary information on the FY2009 Annual Operating Plan for the City of St. Louis. The discussion that follows describes the economic outlook for the City and region in the context of both the national and state perspective and presents a comprehensive review of the general operating fund budget as well as for enterprise and special revenue funds. Also presented in this section are summary tables of sources and uses of funds for all fund groups and descriptions of the major sources of revenue for FY2009.

ECONOMIC OUTLOOK

U. S. Economic Outlook

The U.S. Bureau of Economic Analysis cites the growth in gross domestic product as having slowed to an annual pace of 0.6% in the fourth quarter of 2007. Economic growth has continued to weaken in the first few months of the year. Results from the first quarter of 2008 are still pending but most economic

forecasts indicate slower growth through the first half of the year if not an actual decline in GDP. The U.S. Bureau of Labor Statistics has reported three straight monthly declines in total payrolls. While the unemployment rate remains low by historical standards, it has crept up to 5.1% in the month of March. Personal income increased at the rather sluggish rate of 0.5% in February. Energy prices remain high and the housing market weak, with the longer term impact on the credit markets yet unknown. The debate continues on whether the nation will enter or has already entered a recession. On the plus side, the Federal Reserve has continued its effort to support the economy with a series of interest rate reductions and the first payments from the government's latest economic stimulus package will be received by taxpayers in the month of May. It is hoped that these and other efforts will help the nation avoid a recession or at least minimize the impact of one if it is to develop.

SUMMARY AND OVERVIEW

The Missouri Economy and Outlook

The State of Missouri reports conditions similar to that of the nation with continued weakness in the housing and automotive industries. Job growth has continued albeit at a slower pace, with declines in the motor vehicle and transportation equipment industries being offset by increases service industries. Additionally, declines in the value of the dollar have been cited as the cause for an increase in exports by companies across the state. The state projects total employment to increase by 0.4% in 2008 or about half the rate of growth experienced in the previous year. Personal income growth is likewise projected to grow 4.0% in 2008 compared to 5.4% in 2007. The rate of increase in both of these economic indicators are expected to pick up once again in 2009, subject of course, to continued developments in the housing market and energy sectors and overall health of the national economy.

St. Louis As Economic Center

The City of St. Louis is the core of an eleven county metropolitan area covering parts of both Missouri and Illinois, and as such is the employment and entertainment center of an area containing a population of 2.6 million residents. It is also the office center of the region with over 24 million square feet of office space. The metropolitan area and the City are major industrial centers in the Eastern Missouri-Southwestern Illinois area with a broad range of industries. Although the distribution of jobs across industry sectors has resulted in a decline in the City's share, the City remains a significant source of employment in the region with nearly 20% of all the jobs. Job growth in the City has been concentrated in the service sector since the City is growing as a service center and the outlook is for long-term employment growth in the areas of medical, business, and recreational services, as well as in education and tourism.

SUMMARY AND OVERVIEW

City Economic Outlook

The St. Louis Federal Reserve reports negative conditions for retailers for the months of January and February 2008. Particularly hard hit have been auto dealers where 83% have reported a decline in sales from the same period in the previous year. The St. Louis region has also continued to see weakness in the housing and manufacturing sectors. Overall employment growth in the first three months of the calendar year averaged 0.03% trailing the national pace of 0.10%. For its part, the City of St. Louis continues to develop a more diversified economy that is less vulnerable to economic downturns as in the past. The health care industry and educational institutions have long ago replaced manufacturing as a major source of employment. However, the City does continue to face economic challenges. Macy's department stores will be closing its regional offices here in the second quarter of 2008, causing the loss of some 850 jobs downtown. The Wachovia acquisition of local brokerage A.G. Edwards has created a period of transition of a major employer in the City.

Ultimately, the level of employment at this later institution is projected to return to previous levels, but this may occur over an extended period.

Recent positive developments include the 2007 opening of Lumiere Place, a new \$507 million gaming and entertainment facility operated by Pinnacle Casinos on the St. Louis riverfront. In addition to gaming, the Lumiere Place development has also added two new hotels to the area of Laclede's Landing. With much of the budget dependent on employment taxes, it is hoped that these and other developments will help soften any downturn in earnings and payroll tax receipts over the next fiscal year. Real property values are expected to continue to keep pace with inflation at least through the next round of assessments in 2009, while personal property values have taken the brunt of declines related to the auto industry. The slowing of residential housing permit activity is expected to be offset in part by a number of new commercial developments. Potential commercial developments include ballpark village, the Shriner's

SUMMARY AND OVERVIEW

hospital building and Missouri Valley headquarters all anticipated to begin in FY09. The City has confirmed its recent growth trend in population with a series of recent upward revisions in population estimates by the U.S. Census Bureau.

The FY09 Annual Operating Plan is predicated on a model of slowing economic growth over the next fiscal year. While outlooks such as these always present a challenge where budgets are concerned, the City remains better positioned than before to weather this period of economic uncertainty.

FY2009 OPERATING PLAN

MAJOR FUND TYPES

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions are financed. Governmental fund categories include:

General Fund - the City's main operating fund through which the majority of City services such as police and fire protection, emergency medical services, and parks and streets maintenance are funded. Most tax receipts and other revenues not required to be accounted for in another fund are considered general revenue. General Fund expenditures account for about one-half of all City expenditures.

Special Revenue Funds - used to account for specified taxes, fees, grants or other sources of revenue that are dedicated by ordinance for a specific purpose. Funds contained in this category include government grants, the Local Use Tax fund, the Convention and

SUMMARY AND OVERVIEW

Tourism fund, Gaming Fund, Assessment fund, Lateral Sewer Fund, Tax Increment Financing Funds, Transportation Fund and other miscellaneous special funds.

Debt Service Fund - used to account for revenues and expenses related to the City's existing general obligation (property tax supported) debt.

Capital Project Funds – used to account for revenues and expenditures related to capital equipment purchases, public infrastructure improvements or public projects. The sources of capital funds vary from a dedicated ½ cent sales tax, to proceeds from bond issues and appropriations from the general fund.

PROPRIETARY FUNDS

Proprietary funds are used to account for activities that are similar to those found in the private sector. Proprietary fund categories include:

Enterprise Funds – used to account for funds operated similar to private business type activities; this would include the Airport and City Water Division. The Meter Division is also operated as an enterprise fund and is separately appropriated.

Internal Service Funds - used to account for activities that provide services for certain City programs and operations. These include the City mailroom, workers' compensation and employee health insurance programs.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for resources held for the benefit of individuals or units outside of the City. The City serves as a trustee or has fiduciary responsibilities for the assets. These include the City's various pension funds. While contributions to these funds are appropriated, the activities of the funds themselves are not part of the appropriation process.

SUMMARY AND OVERVIEW

Detailed descriptions of funds within each of these fund groups can be found in the glossary in the Appendix of this document.

The tables on the following pages contain summary budget information for all funds. A more detailed discussion of the general fund budget and descriptions of trends in major sources of revenue follow.

FY09 REVENUE SUMMARY - ALL FUNDS (in millions)

Fund	FY07 Actual	FY08 Revised	FY09 Budget	% Change FY08-09
General Fund				
Earnings Tax	\$136.4	\$140.9	\$142.7	1.3%
Property Tax	48.3	49.6	50.7	2.4%
Sales Tax	48.8	49.9	50.4	1.0%
Payroll Tax	34.9	36.5	37.0	1.3%
Franchise (Utilities) Taxes	52.5	57.1	64.6	13.1%
License Fees	18.1	18.3	18.2	-0.2%
Grants & Intergovernmental Revenues	29.1	27.0	28.4	5.4%
Department User Fees and Fines	41.9	40.5	41.1	1.5%
Transfers	14.4	14.2	27.4	92.2%
	424.4	434.0	460.6	6.1%
Special Revenue Funds				
Property Tax	1.7	1.6	1.7	6.3%
Franchise (Utilities) Taxes	4.4	4.9	18.6	279.6%
Local Use Tax	28.0	30.0	34.3	14.3%
Other Taxes	14.3	12.7	12.8	1.0%
Grants & Intergovernmental Revenues	69.8	61.9	75.8	22.4%
Department User Fees and Fines	13.3	25.4	38.4	51.2%
Transfers	1.6	1.3	1.9	43.9%
Fund Balances and Other Resources	5.0	0.9	14.4	1422.6%
	138.1	138.8	198.0	42.7%
Debt Service Fund				
Property Tax	6.4	6.5	6.5	0.0%
Capital Improvement Funds				
1/2 Cent Sales Tax	17.7	18.1	18.4	1.5%
Metro Parks Sales Tax	1.6	1.7	1.7	2.6%
Grants & Intergovernmental Revenues	1.4	0.6	0.6	0.0%
Department User Fees and Fines	1.4	1.3	1.5	13.6%
Transfers	13.7	10.5	5.8	-45.5%
Other Resources	0.2	1.5	0.4	-76.4%
Balances / Surpluses Previous Years	1.0	4.7	2.9	-39.2%
	36.9	38.4	31.1	-19.0%
Enterprise Funds				
Franchise (Utilities) Taxes	4.1	4.3	4.8	10.4%
Enterprise Revenues	204.0	210.0	224.2	6.8%
	208.1	214.3	229.0	6.8%
Internal Service Funds				
Department User Fees and Fines	31.5	33.3	38.0	14.0%
Total General Appropriation	\$845.4	\$865.4	\$963.1	11.3%
Funds Appropriated Separately				
Community Development & Housing Grants ¹	\$20.6	\$24.6	\$24.3	-1.2%
Street Improvement Fund	5.0	4.9	5.0	3.0%
Transportation Fund Revenues	26.9	28.9	31.1	7.7%
Parking Division Revenues	16.6	12.8	12.5	-2.1%
	69.2	71.2	73.0	2.5%
Total All Sources	\$914.6	\$936.5	\$1036.1	10.6%

¹ Excluding CDBG admin. portion

FY09 BUDGET SUMMARY - ALL FUNDS (in millions)

Fund	FY07 Actual	FY08 Budget	FY09 Budget	% Change FY08-09
General Fund	\$421.0	\$435.8	\$460.5	5.7%
Special Revenue Funds				
Assessment Fund	\$4.0	\$4.2	\$4.6	8.7%
Convention and Tourism Fund	\$4.4	\$4.5	\$4.5	1.4%
Public Safety Trust Fund	\$0.2	\$5.3	\$18.2	244.0%
Neighborhood Parks Fund	\$0.0	\$7.9	\$8.1	2.7%
Convention and Sport Facility Trust Fund	\$5.8	\$5.9	\$5.9	0.1%
Lateral Sewer Fund	\$2.2	\$3.2	\$3.3	2.7%
Cable Communications Fund	\$1.4	\$1.4	\$1.5	12.9%
Port Authority	\$2.1	\$2.8	\$3.1	11.2%
Riverfront Gaming Fund	\$4.3	\$6.2	\$10.0	61.0%
Local Use Tax Fund	\$30.2	\$30.5	\$37.8	24.0%
Other Special Revenue Funds	\$21.5	\$18.4	\$45.1	145.6%
	\$76.1	\$90.2	\$142.2	57.7%
Grant Funds				
St. Louis Agency on Training and Employment	\$11.4	\$9.0	\$9.7	7.9%
Community Dev. Planning & Administration	\$3.0	\$3.4	\$3.8	10.4%
Health and Human Services	\$21.9	\$25.4	\$33.3	31.0%
Police Department	\$7.1	\$4.5	\$5.3	18.0%
Other Grants	\$12.6	\$10.1	\$11.0	9.2%
	\$56.0	\$52.4	\$63.1	20.4%
Debt Service Fund	\$5.6	\$6.5	\$6.3	-4.4%
Capital Funds	\$31.2	\$38.4	\$31.1	-18.9%
Enterprise Funds				
Water Division	\$46.1	\$51.6	\$57.0	10.5%
Airport Authority	\$152.3	\$159.3	\$162.8	2.2%
	\$198.4	\$210.9	\$219.8	4.2%
Internal Service Funds				
Mail Room	\$0.5	\$0.8	\$0.8	5.8%
Employee Benefits Fund	\$28.9	\$32.7	\$37.2	13.9%
	\$29.4	\$33.5	\$38.1	13.8%
Total General Appropriation	\$817.6	\$867.6	\$961.0	10.8%

FY09 BUDGET SUMMARY - ALL FUNDS BY DEPARTMENT

Department	General Fund	Special Funds Revenue	Special Funds Grant	Enterprise Funds	Total Funds
GENERAL GOVERNMENT					
110 Board of Aldermen	2,714,166	-	-	-	2,714,166
120 Mayor's Office	2,020,667	-	-	-	2,020,667
121 St. Louis Agency on Training and Emp	238,346	-	9,567,229	-	9,805,575
123 Department of Personnel	3,531,388	118,527	-	-	54,520,252
Employee Benefits Fund	-	37,370,337	-	-	-
Employee Pension Trust Fund	-	13,500,000	-	-	-
124 Register	182,220	-	-	-	182,220
126 Civil Rights Enforcement Agency	359,073	-	187,989	-	547,062
127 Information Technology Service Agenc	5,493,557	153,415	-	-	5,646,972
137 Budget Division	489,113	-	-	-	489,113
139 City Counselor	5,843,719	576,335	823,150	-	7,243,204
141 Planing and Urban Design	132,343	-	1,639,869	-	1,772,212
142 Community Development Administratic	-	-	3,759,103	-	3,759,103
143 Affordable Housing Commission	-	5,523,929	-	-	5,523,929
Subtotal	21,004,592	57,242,543	15,977,340	-	94,224,475
FINANCE					
160 Comptroller	9,356,466	-	-	-	34,567,228
Lateral Sewer Fund	-	55,166	-	-	-
Tax Increment Financings	-	2,307,572	-	-	-
Trustee Lease Fund	-	14,353,715	-	-	-
Grant and Other Funds	-	7,787,031	707,278	-	-
162 Municipal Garage	315,448	-	-	-	315,448
163 Microfilm	344,174	-	-	-	344,174
170 Supply Commissioner	639,754	-	-	-	639,754
171 Multigraph	1,038,868	-	-	-	1,038,868
172 Mail Room	-	813,218	-	-	813,218
180 Assessor	-	4,568,377	-	-	4,568,377
Subtotal	11,694,710	29,885,079	707,278	-	42,287,067
NON-DEPARTMENTAL					
190 City Wide Accounts	46,587,704	-	-	-	58,783,704
Convention and Tourism Fund	-	4,546,000	-	-	-
Riverfront Gaming Fund	-	7,650,000	-	-	-
Subtotal	46,587,704	12,196,000	-	-	58,783,704
PARKS, RECREATION & FORESTRY					
210 Director Parks, Recreation, and Forest	410,110	9,133,443	-	-	9,543,553
213 Division of Recreation	2,086,265	86,120	-	-	2,172,385
214 Division of Forestry	7,132,556	250,506	-	-	7,383,062
220 Division of Parks	9,903,999	2,039,117	128,502	-	12,071,618
225 Soulard Market	284,225	-	-	-	284,225
250 Tower Grove Park	750,000	-	-	-	750,000
Subtotal	20,567,155	11,509,186	128,502	-	32,204,843
JUDICIAL OFFICES					
310 Circuit Clerk	997,196	-	-	-	997,196
311 Circuit Court	8,148,655	-	-	-	8,148,655
312 Circuit Attorney	6,497,530	2,887,318	1,127,739	-	10,512,587
313 Board of Jury Supervisors	1,477,879	-	-	-	1,477,879
314 Probate Court	95,300	-	-	-	95,300
315 Sheriff	8,916,201	-	-	-	8,916,201
316 City Courts	2,784,792	-	-	-	2,784,792
317 City Marshal	1,348,183	0	-	-	1,348,183
320 Probation and Juvenile Detention	16,857,398	247,440	49,531	-	17,154,369
321 Circuit Drug Court	395,000	-	-	-	395,000
Subtotal	47,518,134	3,134,758	1,177,270	-	51,830,162
COUNTY OFFICES					
330 Tax Equalization Board	9,900	-	-	-	9,900
331 License Collector	0	5,890,000	-	-	5,890,000
333 Recorder of Deeds	2,648,354	-	-	-	2,648,354

FY09 BUDGET SUMMARY - ALL FUNDS BY DEPARTMENT

Department	General Fund	Special Funds Revenue	Special Funds Grant	Enterprise Funds	Total Funds
334 Board of Election Commissioners	4,064,891	-	-	-	4,064,891
335 Medical Examiner	1,781,816	-	125,000	-	1,906,816
340 Treasurer	723,459	-	-	-	723,459
Subtotal	9,228,420	5,890,000	125,000	-	15,243,420
PUBLIC UTILITIES					
401 Communications Division	-	1,377,139	-	-	1,377,139
415 Water Division	-	-	-	56,775,293	56,775,293
420 Airport Authority	-	-	-	162,486,703	162,486,703
Subtotal	0	1,377,139	-	219,261,996	220,639,135
STREETS					
510 Director of Streets	957,319	189,178	-	-	3,913,792
Lateral Sewer Fund	-	2,767,295	-	-	-
511 Traffic and Lighting	8,531,932	-	-	-	8,531,932
513 Auto Towing and Storage	1,608,760	-	-	-	1,608,760
514 Street Division	6,389,975	740,143	-	-	7,130,118
516 Refuse Division	13,551,676	1,166,371	470,460	-	15,188,507
520 Port Authority	-	3,141,892	-	-	3,141,892
Subtotal	31,039,662	8,004,879	470,460	-	39,515,001
PUBLIC SAFETY					
610 Director of Public Safety	721,819	1,000,000	250,000	-	1,971,819
611 Fire Department	53,162,933	475,000	-	-	53,637,933
612 Firefighter's Retirement System	6,396,073	5,500,000	-	-	11,896,073
616 Excise Commissioner	396,526	-	-	-	396,526
620 Building Commissioner	7,445,823	10,702,293	3,235,000	-	21,383,116
625 CEMA	279,496	-	-	-	279,496
622 Neighborhood Stabilization	2,336,584	-	1,328,456	-	3,665,040
632 Medium Security Institution	16,954,412	-	48,769	-	17,003,181
633 City Justice Center	19,992,061	-	-	-	19,992,061
650 Police Department	129,729,190	18,712,507	5,277,263	-	153,718,960
651 Police Retirement System	8,267,620	5,500,000	-	-	13,767,620
Subtotal	245,682,537	41,889,800	10,139,488	-	297,711,825
HEALTH AND HOSPITALS					
700 Director, Health and Hospitals	-	1,201,785	2,605,302	-	3,807,087
710 Health Commissioner	-	1,486,154	-	-	1,486,154
711 Communicable Disease Control	-	2,044,903	9,244,204	-	11,289,107
714 Animal Care and Control	-	1,361,880	13,853	-	1,375,733
715 Environmental Health Services	-	2,115,311	1,610,833	-	3,726,144
719 Family/ Community/ School Health	-	864,959	281,275	-	1,146,234
737 Health Care Trust Fund	-	5,000,000	-	-	5,000,000
Subtotal	-	14,074,992	13,755,467	-	27,830,459
HUMAN SERVICES					
800 Director of Human Services	1,365,135	649,919	20,600,978	-	22,616,032
Subtotal	1,365,135	649,919	20,600,978	-	22,616,032
BOARD OF PUBLIC SERVICE					
900 President, Board of Public Service	3,210,038	1,125,763	-	-	4,335,801
903 Facilities Management	9,831,053	-	-	-	9,831,053
910 Equipment Services Division	12,621,952	-	-	-	12,621,952
930 Soldier's Memorial	195,181	-	-	-	195,181
Subtotal	25,858,224	1,125,763	-	-	26,983,987
CAPITAL IMPROVEMENTS FUND					
	-	31,133,750	-	-	31,133,750
DEBT SERVICE FUND					
	-	0	-	-	6,260,935
TOTAL BUDGET	\$460,546,273	\$218,113,808	\$63,081,783	\$219,261,996	\$961,003,860

FY09 BUDGET SUMMARY - ALL DEPARTMENTS
BY FUND

Department

**FY09 BUDGET SUMMARY - ALL DEPARTMENTS
BY FUND**

Fund	Department	FY07 Actual	FY08 Budget	FY09 Budget	
1010	903	Facilities Management	9,195,785	9,716,963	9,831,053
1010	910	Equipment Services Division	11,192,525	10,866,955	12,621,952
1010	930	Soldier's Memorial Building	156,393	204,964	195,181
Subtotal		420,974,178	435,803,339	460,546,273	

Local Use Tax Fund

1110	123	Department of Personnel	40,879	109,008	118,527
1110	143	Affordable Housing Commission	7,119,852	5,506,910	5,523,929
1110	160	Comptroller	75	23,061	25,484
1110	516	Refuse Division - Bulky Pick-up	1,054,413	1,072,174	1,166,371
1110	620	Building Commissioner - Housing Conservation	1,883,235	1,944,218	2,570,668
1110	620	Building Commissioner - Building Demolition	3,090,708	3,000,000	3,000,000
1110	650	Police Department	3,755,500	5,025,999	11,073,000
1110	700	Director, Health & Hospitals	818,768	1,198,409	1,073,785
1110	710	Health Commissioner	1,270,332	1,285,677	1,486,154
1110	711	Communicable Disease Control	2,178,365	2,165,872	2,044,903
1110	713	Public Health Laboratory	8,692	-	-
1110	714	Rabies Control	897,329	1,366,971	1,361,880
1110	715	Community Sanitation and Vector Control	2,085,749	1,832,924	2,115,311
1110	716	Lead Poisoning Control	188,545	-	-
1110	719	Family / Community / School Health	475,668	597,684	864,959
1110	720	Food Control Section	-	-	-
1110	737	Health Care Trust Fund	5,000,000	5,000,000	5,000,000
1110	800	Director of Human Services	281,720	338,180	341,919
1110	900	President, Board of Public Service	14,189	-	-
Subtotal		30,164,019	30,467,087	37,766,890	

Convention and Tourism Fund

1111	160	Convention and Tourism Fund	4,426,475	4,484,000	4,546,000
Subtotal		4,426,475	4,484,000	4,546,000	

Convention and Sports Authority Trust Fund

1111	331	Convention & Sports Facility Trust Fund	5,767,395	5,884,000	5,890,000
Subtotal		5,767,395	5,884,000	5,890,000	

Demolition Fund

1113	214	Division of Forestry	40,643	-	-
1113	620	Building Commissioner - Bldg. Demolition	1,073,289	-	-
Subtotal		1,113,932	-	-	

Assessment Fund

1115	180	Assessor	4,039,964	4,201,133	4,568,377
Subtotal		4,039,964	4,201,133	4,568,377	

Special Revenue Funds

1116	120	Mayor's Office	-	-	-
1116	1231000	City Employees Pension Trust Fund	-	-	13,500,000
1116	139	City Counselor	243,280	250,674	257,378
1116	1600013	Comptroller-Abram Building Operations	4,597,498	1,449,390	-
1116	1600019	Comptroller-Gateway Transportation	-	356,545	1,081,690
1116	210	Director PRF - Forest Park Fund	1,246,986	3,600,000	3,100,000

**FY09 BUDGET SUMMARY - ALL DEPARTMENTS
BY FUND**

Fund	Department	FY07 Actual	FY08 Budget	FY09 Budget	
1116	214	Division of Forestry	94,448	129,395	250,506
1116	312	Circuit Attorney	-	26,912	27,451
1116	312	Circuit Attorney (Training Fund)	538	2,500	2,500
1116	312	Circuit Attorney (Tax Unit)	108,756	141,910	154,434
1116	312	Circuit Attorney (Child Support Unit)	1,603,952	1,922,489	2,114,023
1116	312	Circuit Attorney (HUD Unit)	53,718	57,859	62,363
1116	316	City Courts - Specialty Courts	33,660	-	-
1116	317	City Marshal	-	34,503	-
1116	320	Probation Dept. & Juvenile Detention	319,484	470,345	247,440
1116	510	Director of Streets - Excavation Restoration	415,598	209,549	189,178
1116	511	Traffic and Lighting Division	-	400,000	-
1116	514	Street Division-Excavation and Restoration	-	221,167	303,053
1116	520	Port Administration Division	1,997,626	2,825,083	3,141,892
1116	620	Building Commissioner - Code Enforcement	1,351,949	2,534,312	2,613,089
1116	620	Building Commissioner - Demolition & Board-Up	1,378,083	2,260,551	2,518,536
1116	650	Police Dept. - Peace Officer Training	84,805	100,000	100,000
1116	6500001	Police Dept.-Communications Support Fund	-	-	241,356
1116	700	Director, Health & Hospitals	-	-	128,000
1116	714	Animal Care and Control	4,342	20,000	9,000
1116	716	Lead Poisoning Control	32,662	128,000	-
1116	800	Director of Human Services	170,000	240,000	308,000
1116	900	President, Board of Public Service	-	644,092	1,125,763
1413	160	Tax Increment Financing	7,633,500	2,304,779	2,307,572
1218	160	Trustee Lease Fund	-	871,300	14,353,715
Subtotal		21,370,885	21,201,355	48,136,939	

Communications Fund

1117	127	Information Technology Services Agency	136,553	144,032	153,415
1117	401	Communications Division	1,278,365	1,211,077	1,377,139
Subtotal		1,414,918	1,355,109	1,530,554	

Lateral Sewer Fund

1118	160	Comptroller - Lateral Sewer Line	62,744	67,294	55,166
1118	510	Director of Streets - Lateral Sewer	2,138,326	2,728,640	2,767,295
1118	514	Street Division	-	377,690	437,090
Subtotal		2,201,070	3,173,624	3,259,551	

Other Special Revenue Funds - Special Authorizations

1119	139	City Counselor	211,524	-	-
1119	210	Director PRF - Forest Park Fund	3,067	-	-
1119	213	Division of Recreation	20,978	-	-
1119	214	Division of Forestry	9,075	-	-
1119	220	Division of Parks	123,416	-	-
1119	312	Circuit Att. (Contingency & Tax Section)	19,881	-	-
1119	315	Sheriff - Auction Proceeds	7,498	-	-
1119	320	Probation Dept. & Juvenile Detention	300,295	-	-
1119	334	Election and Registration	79,142	-	-
1119	511	Transportation and Traffic Division	53,559	-	-
1119	520	Port Administration Division	141,256	-	-
1119	611	Fire Department	16,116	-	-
1119	711	Communicable Disease Control	3,717	-	-
1119	800	Director of Human Services	346	-	-
1119	930	Soldier's Memorial Building	6,258	-	-

**FY09 BUDGET SUMMARY - ALL DEPARTMENTS
BY FUND**

Fund	Department	FY07 Actual	FY08 Budget	FY09 Budget	
	Subtotal	996,128	-	-	
Public Safety Fund					
1120	139	City Counselor	7,088	315,115	318,957
1120	312	Circuit Attorney	235,634	488,586	526,547
1120	650	Police-Public Safety Trust Fund	-	4,499,142	2,398,151
	Subtotal	242,722	5,302,843	3,243,655	
Riverboat Gaming Fund					
1121	190	City Wide Accounts - Riverfront Gaming	2,900,000	4,850,000	7,650,000
1121	611	Fire Department - Riverfront Gaming	21,432	25,000	25,000
1121	650	Police Department - Riverfront Gaming	1,350,000	1,350,000	2,350,000
	Subtotal	4,271,432	6,225,000	10,025,000	
Parks and Recreation Special Fund					
1122	210	Director of Parks-1/8 Cent Sales Tax Fund	-	4,370,000	4,416,782
1122	210	Director of Parks-Neighborhood Parks Fund	-	1,600,000	1,616,661
1122	220	Parks Division-Barnes/City Trust	-	1,996,555	2,039,117
	Subtotal	-	7,966,555	8,072,560	
Public Safety Sales Tax Fund					
1123	610	Public Safety-Crime Prevention	-	-	1,000,000
1123	611	Fire Department	-	-	450,000
1123	612	Firemen Public Safety Pension Trust	-	-	5,500,000
1123	650	Police Department	-	-	1,260,000
1123	650	Police Department	-	-	1,290,000
1123	651	Police Pension-Public Safety Pension Trust	-	-	5,500,000
	Subtotal	0	0	15,000,000.00	
Grant Funds					
1140	312	Circuit Attorney	-	-	82,135
1140	650	Police Department - Misc. Grants	7,092,413	4,472,214	5,277,263
	Subtotal	7,092,413	4,472,214	5,359,398	
1162	121	St. Louis Agency on Training & Employment	11,361,596	8,962,761	9,567,229
1162	160	Comptroller	69,009	91,291	107,133
	Subtotal	11,430,605	9,054,052	9,674,362	
1163	139	City Counselor	584,339	852,484	823,150
1163	141	Planning and Urban Design	1,388,836	1,570,000	1,639,869
1163	142	Community Development Administration	2,026,510	2,533,615	2,789,789
1163	160	Comptroller	330,898	452,938	429,280
1163	213	Division of Recreation	366,726	86,120	86,120
1163	316	City Courts - Problem Properties	27,030	-	-
1163	620	Building Commissioner	325,295	339,161	342,089
1163	622	Neighborhood Stabilization	8,687	9,519	10,545
1163	800	Director of Human Services	325,730	354,000	354,000
1163	900	President, Board of Public Service	93,002	-	-
	Subtotal	5,477,053	6,197,837	6,474,842	
1164	142	Community Development Administration	960,208	881,498	969,314
1164	620	Building Commissioner	2,583,921	2,148,389	2,892,911
1164	700	Director, Health & Hospitals	-	625,201	905,027
1164	716	Lead Poisoning Control	334,800	-	-
1164	900	President, Board of Public Service	55,414	-	-
	Subtotal	3,934,343	3,655,088	4,767,252	
1166	160	Comptroller - Health Grant Auditing	-	144,447	117,998
1166	700	Director, Health & Hospitals	286,530	1,506,813	1,700,275
1166	710	Health Commissioner	478,789	-	-

**FY09 BUDGET SUMMARY - ALL DEPARTMENTS
BY FUND**

Fund	Department	FY07 Actual	FY08 Budget	FY09 Budget	
1166	711	Communicable Disease Control	7,669,791	7,662,056	9,244,204
1166	714	Animal Care and Control	-	5,269	4,853
1166	715	Environmental Health Services	977,612	1,276,863	1,610,833
1166	716	Lead Poisoning Control	497,524	-	-
1166	719	Family / Community / School Health	274,383	321,255	281,275
		Subtotal	10,184,629	10,916,703	12,959,438
1167	160	Comptroller	-	57,608	52,867
1167	632	Corrections/MSI	-	-	48,769
1167	800	Director of Human Services	11,742,100	14,447,770	20,246,978
		Subtotal	11,742,100	14,505,378	20,348,614
1168	126	CREA - EEOC Contract	73,385	49,281	52,769
1168	126	CREA-HUD Contract	-	120,940	135,220
1168	160	Comptroller	202,900	-	-
1168	312	Dom Violence Grants)	524,126	600,730	610,698
1168	320	Probation Dept. & Juvenile Det. Cntr.	681,926	-	-
1168	321	Circuit Drug Court	317,733	-	-
1168	334	Election and Registration	944,787	-	-
1168	335	Medical Examiner	33,894	125,000	125,000
1168	415	Water Division (Coulmbia Bottoms)	565,309	-	-
1168	516	Refuse Division - Recycling	193,373	417,488	470,460
1168	611	Fire Department	473,891	59,465	-
1168	620	Building Commissioner	44,287	-	-
1168	900	President, Board of Public Service	66,138	-	-
		Subtotal	4,121,749	1,372,904	1,394,147
1169	220	Division of Parks	-	117,984	128,502
1169	312	Circuit Attorney (LLEBG/JAG/PSN/Gun Violence)	-	406,625	434,906
1169	316	City Courts - Community Courts	-	36,493	-
1169	320	Probation Dept. & Juvenile Det. Cntr.	238,170	44,711	49,531
1169	321	Circuit Drug Court	46,793	-	-
1169	335	Medical Examiner	-	105,000	-
1169	610	Director of Public Safety	282,759	175,000	250,000
1169	611	Fire Department	140,119	-	-
1169	622	Neighborhood Stabilization - Grants	1,406,196	930,135	1,317,911
1169	625	City Emergency Management Agency	167,176	-	-
		Subtotal	2,281,213	1,815,948	2,180,850
		Subtotal	56,264,105	51,990,124	63,158,903
Capital Funds					
1217	160	Capital Improvements - Regular Sources	16,543,653	14,857,000	9,700,000
1219	160	Metro Parks - Sales Tax Fund	1,435,684	1,663,000	1,705,750
1220	160	Capital Improvements - Sales Tax Fund	16,799,692	21,877,315	19,728,000
		Subtotal	34,779,029	38,397,315	31,133,750
Debt Service Fund					
1311	160	G.O. Debt Service Fund (Public Safety Bonds)	5,550,748	6,546,648	6,260,935
		Subtotal	5,550,748	6,546,648	6,260,935
Enterprise Funds					
1510	415	Water Division	46,135,157	51,777,071	56,989,639
1511	420	City of St. Louis Airport Commission	152,259,274	159,599,794	162,815,404
		Subtotal	198,394,431	211,376,865	219,805,043

**FY09 BUDGET SUMMARY - ALL DEPARTMENTS
BY FUND**

Fund	Department	FY07 Actual	FY08 Budget	FY09 Budget	
Internal Service Funds					
1611	172	Mail Room	522,149	768,860	813,218
1613	123	Dept. Of Personnel - Employee Benefits	4,816,030	5,482,561	6,107,903
1713	123	Dept. of Personnel - Employee Benefits	24,010,516	27,029,840	31,038,155
1719	123	Department of Personnel	-	91,928	100,154
		Subtotal	29,348,695	33,373,189	38,059,430
		Subtotal All Funds	\$821,320,126	\$867,748,186	\$961,003,860

FY09 BUDGET SOURCES AND USES OF FUNDS SUMMARY (in millions)

Sources and Uses	1010 General Fund	1110 Local Use Tax Fund	Tourism Fund	Conven- tion & Sports Facility	Assess- ment Fund	1116 Special Funds	Communi- cations Fund	Lateral Sewer Fund	Public Safety Trust Fund	Riverboat Gaming Fund	Special Park Funds	Public Safety Sales Tax Fund
Beginning Fund Balance	\$24.500	\$13.823	\$0.002	\$0.000	\$0.100	\$6.246	\$0.227	\$2.060	\$0.594	\$1.790	\$1.846	\$0.000
Revenues												
Earnings Tax	142.669	-	-	-	-	-	-	-	-	-	-	-
Property Tax	50.748	-	-	-	1.611	-	-	-	-	-	-	-
Sales & Use Taxes	50.403	34.325	-	-	-	-	-	-	-	-	4.584	15.000
Motor Vehicle Sales Tax	3.284	-	-	-	-	-	-	-	-	-	-	-
Gasoline Tax	10.250	-	-	-	-	-	-	-	-	-	-	-
Payroll Tax	37.015	-	-	-	-	-	-	-	-	-	-	-
Franchise (Utilities) Taxes	64.595	-	-	-	-	-	1.700	2.750	-	-	-	-
Restaurant Taxes	2.395	-	4.546	-	-	-	-	-	-	-	-	-
3.5% Hotel Sales Tax	-	-	-	5.890	-	-	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-	-	-	-	-	-	-
License Fees	18.230	-	-	-	-	-	-	-	-	-	-	-
Grants / Intergovernmental	7.155	-	-	-	0.839	-	-	-	3.200	9.994	-	-
User Fees, Fines & Other	38.801	-	-	-	0.130	30.335	-	-	-	-	-	-
Transfers In	35.061	-	-	-	1.900	1.141	-	-	-	-	1.600	-
Other Resources	0.000	-	-	-	-	-	-	0.110	-	-	1.600	-
Total Sources of Funds	\$460.606	\$34.325	\$4.546	\$5.890	\$4.480	\$31.476	\$1.700	\$2.860	\$3.200	\$9.994	\$7.784	\$15.000
Appropriations												
Personal Services	347.526	22.503	-	-	3.813	7.205	1.269	0.896	3.171	2.350	2.249	5.940
Materials & Supplies	20.895	0.301	-	-	0.047	0.755	0.039	0.037	0.024	0.010	0.157	0.000
Rental & Non Capital Leases	1.644	0.099	-	-	0.010	0.112	0.005	0.005	0.000	0.000	0.004	0.000
Non Capital Equipment	0.743	0.007	-	-	0.004	0.122	0.005	0.000	0.003	0.010	0.014	0.000
Capital Assets	0.557	0.000	-	-	0.000	0.145	0.040	0.082	0.006	0.000	0.000	0.000
Contractual & Other Services	63.178	14.856	0.235	-	0.695	22.937	0.173	2.240	0.040	1.900	2.423	1.000
Debt Service	21.587	0.001	-	-	-	-	-	-	-	-	3.226	8.060
Transfers Out :												
Capital Lease Payments	0.241	-	-	-	-	-	-	-	-	-	-	-
Other Transfers Out	4.175	-	4.311	5.890	-	0.200	0.250	-	-	5.755	-	-
Total Uses of Funds	\$460.546	\$37.767	\$4.546	\$5.890	\$4.568	\$31.476	\$1.780	\$3.260	\$3.244	\$10.025	\$8.073	\$15.000
Ending Fund Balance	\$24.560	\$10.382	\$0.002	\$0.000	\$0.012	\$6.246	\$0.147	\$1.660	\$0.550	\$1.759	\$1.556	\$0.000

FY09 BUDGET SOURCES AND USES OF FUNDS SUMMARY (in millions)

Sources and Uses	Police Grants	SLATE	1163 CDA*	1164-9 Grant Funds	Street Improvement Fund*	1217-22 Capital Improvements	General Obligation Debt Service	Tax Increment Financing	Water Division Enterprise Fund	Airport Enterprise Fund	Mail Internal Service Fund	Employee Health & Hospital Funds
Beginning Fund Balance	n/a	n/a	n/a	n/a	\$1.384	\$2.889	\$7.913	\$0.000	\$6.789	\$53.676	(\$0.147)	\$0.667
Revenues												
Property Tax	-	-	-	-	-	-	6.261	-	-	-	-	-
Sales & Use Taxes	-	-	-	-	-	20.057	-	-	-	-	-	-
Motor Vehicle Sales Tax	-	-	-	-	0.755	-	-	-	-	-	-	-
Gasoline Tax	-	-	-	-	-	0.630	-	-	-	-	-	-
Franchise (Utility) Taxes	-	-	-	-	3.930	-	-	-	6.006	-	-	-
Other Taxes	-	-	-	-	-	-	-	1.308	-	-	-	-
License Fees	-	-	-	-	-	-	-	-	-	-	-	-
Enterprise Revenues	-	-	-	-	-	-	-	-	50.984	162.815	-	-
Grants / Intergovernmental	5.359	9.674	6.475	41.650	-	-	-	-	-	-	-	-
User Fees, Fines & Other	-	-	-	-	-	1.460	-	-	-	-	0.813	37.147
Transfers In	-	-	-	-	-	5.750	-	1.000	-	-	-	-
Other Resources	-	-	-	-	0.015	0.350	-	-	-	-	-	-
Total Sources of Funds	\$5.359	\$9.674	\$6.475	\$41.650	\$4.700	\$28.247	\$6.261	\$2.308	\$56.990	\$162.815	\$0.813	\$37.147
Appropriations												
Personal Services	5.359	2.544	5.271	9.480	2.009	1.060	-	0.461	23.479	44.931	0.320	0.673
Materials & Supplies	-	0.075	0.010	0.552	2.100	-	-	0.015	11.122	5.616	0.007	0.007
Rental & Non Capital Leases	-	0.000	0.581	0.013	0.029	-	-	-	0.543	0.199	-	0.004
Non Capital Equipment	-	0.653	0.023	0.372	0.008	-	-	0.015	0.240	0.384	-	0.009
Capital Assets	-	0.000	0.039	0.171	0.130	-	-	0.005	0.792	1.928	0.003	0.000
Contractual & Other Services	-	6.402	0.552	31.062	0.440	20.545	-	0.005	16.383	46.271	0.483	36.553
Debt Service	-	-	-	-	-	9.530	6.261	1.806	4.431	63.486	-	-
Transfers Out :												
Capital Lease Payments	-	-	-	-	-	-	-	-	-	-	-	-
Other Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-
Total Uses of Funds	\$5.359	\$9.674	\$6.475	\$41.650	\$4.716	\$31.135	\$6.261	\$2.307	\$56.990	\$162.815	\$0.813	\$37.246
Ending Fund Balance	\$0.000	\$0.000	\$0.000	\$0.000	\$1.368	\$0.001	\$7.913	\$0.001	\$6.789	\$53.676	(\$0.147)	\$0.568

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* CDBG funds and Street Improvement funds are appropriated on a calendar year basis and are under separate appropriating ordinances. Fund balances rollover and do not require reappropriation.

SUMMARY AND OVERVIEW

FY2009 GENERAL FUND BUDGET

The FY2009 general fund budget is proposed at \$460.5 million, an increase of 5.7% over the budget for FY2008. This larger than usual growth rate is due to a number of one-time adjustments to the budget base, both in new revenues and expenditures that address issues such as pension funding not fully included in previous budgets. Other increases are generally found where the cost of providing services have risen with the cost of fuel and materials and in such areas as the Board of Elections, where four elections are scheduled in the coming fiscal year. Except for those areas where new dedicated revenues exist (e.g. public safety sales tax), most services will be maintained at the current service level.

The following are some of the highlights of the proposed general fund budget.

Employee Pay and Benefits

In FY2008, Police, Fire and other City employees received a 2.5% cost of living increase in the middle of the fiscal year.

The full year's cost of this increase is reflected in the proposed budget at an estimated net cost of \$4.4M. While pay negotiations are currently underway for FY09, the budget assumes another increase of 2.5% for the year. A portion of the increase for Police and firefighters is being funded by an allocation from the new public safety sales tax while the remainder, a total of \$5.0 million is budgeted in a City Wide account. In the third year of its contract with United Healthcare, the City will see a net increase of 15% in the costs of providing health insurance to its employees. The cost to the general fund of this increase in FY09 is \$2.1 million. The largest increase in the area of benefits remains pensions. As previously discussed, Police and Fire pension increases are being funded through the proceeds of a new public safety sales tax. The Employee Pension System has also been allocated a dedicated source of funds from an increase in telecommunications tax receipts. These receipts pass through a trust fund to the general fund to pay the estimated increase of \$6 million to meet FY09 obligations to the ERS. In addition,

SUMMARY AND OVERVIEW

a total payment of \$12.6 million is included in the City Wide Account to pay for all previous obligations due to ERS through the end of FY08. With these payments the City will have met all past and current pensions obligations.

Police and Public Safety

The Police Department and other departments of Public Safety represent over 53% of the total general fund budget with a total appropriation for FY2009 of \$245.7 million. These general funds will be supplemented by appropriations from special funds such as local use taxes, graduated business license and gaming receipts dedicated to public safety as well as the new one half cent public safety sales tax. The Police Department, at \$129.7 million, represents 28% of the general fund budget. Coupled with the other special fund allocations, the total budget for the department totals \$148.4 million, and is projected to bring the uniformed police force to a total of 1,400 officers by the end of the fiscal year. The budget for the Division of Corrections is up \$2.0 million to address costs associated with higher

inmate populations at the Medium Security Institution (MSI) and City Justice Center. Average inmate populations have recently reached 2,150 compared to a budget of 1,850 in the previous fiscal year. The operations of the City Emergency Management Agency, previously contained within the office of the Director of Public Safety, is being reestablished as a separate division of the department.

Judicial Offices & County Offices

One of the more notable increases in costs occurring in FY09 can be found at the Board of Elections. During the next fiscal year, there will be four City wide elections held, including the presidential election in November. While the new touch screen and scanner voting technologies have improved the election process, the cost of running elections has increased significantly. In FY09, a total increase of \$1.6 million has been allocated to the Board of Elections for the administration of the upcoming elections.

Also in FY09, the Sheriff's office will be adding additional deputies to address the

SUMMARY AND OVERVIEW

higher volume of criminal court cases being heard in the Circuit Court.

City Wide Accounts

City-Wide Accounts refers to those items that are not department specific. These also include debt service payments on the City's various lease debt issues. In addition to the pension and pay increase amounts budgeted in City Wide accounts, other increases include \$500,000 as the estimated general fund cost of the state audit in FY09. An additional \$600,000 has been allocated to support operations of the Assessor's office after the use of a one-time balance in FY08. The budget also includes \$240,000 as a subsidy to the Police department to manage the City wide emergency radio system.

Parks Department

The Parks Department budget will include the operations of Soulard Market in FY09. The Market was previously a part of the Department of Public Utilities.

Street Department

The Department of Streets has experience increased snow call activity

and rising costs in repairing and maintaining City street and traffic lights. The budget includes increases of \$300,000 for snow chemical and other supplies to address these needs.

Health and Human Services

Health and Human Services are funded primarily with local use tax special revenues and grant funds and thus do not represent a significant portion of the general fund budget.

Board of Public Service

The Board of Public Service has responsibility for providing engineering services as well as providing for the City's public buildings and fleet of rolling stock. The Equipment Services Division has experienced significant increases in the cost of fuel and repair of the City's vehicle fleet and will see an increase of \$1.4 million for fuel and fleet supplies.

General Government and Finance

General Government agencies have submitted slight reductions as a continued effort to reduce managerial and administrative costs. The Information Technology Services Agency (ITSA) in

SUMMARY AND OVERVIEW

conjunction with the Citizen's Service Bureau will be implementing the first phases of a new CityWorks program that enhances workers ability in the field to track, receive and respond to work order requests received from the Citizen's Service Bureau. The FY09 estimated cost of this project is \$118,000.

In another area of General Government, the City anticipates full occupation of the former federal building at 1520 Market Street (formerly the Abram building). It is anticipated that this building will be the new home for the Departments of Health and Human Services and City Courts among other agencies. Total operating costs of the building are estimated at \$1.6 million in FY09.

As required by state law, the proposed general fund budget is in balance with projected revenues. And while the proposed budget does rely on a number of one-time sources to keep this balanced state, it does not do so by drawing upon

existing reserves. The proposed budget maintains its goal of maintaining its unreserved operating fund equal to five percent of the general fund budget.

SUMMARY AND OVERVIEW

FY2009 General Fund Budget Highlights

- \$5.0 million allocated for pay increases for City employees
- \$2.1 million for a 15% increase in health insurance costs for City employees
- \$12.6 million to meet final payments on FY08 obligations to Employee Retirement System
- \$2.0 million in additional funds to Corrections Division to meet costs of higher inmate populations at MSI and City Justice Center (CJC)
- \$300,000 in additional salt supply and traffic lighting materials in Street Department
- \$10.1 million in general fund debt costs with release of CJC debt service reserve
- \$1.6 million increase in Election Board costs for four scheduled elections in fiscal year
- \$1.6 million in operational costs of 1520 Market Building (Abram) as new home for City departments
- \$120,000 increase for additional deputies to provide courtroom security for the Circuit Courts
- \$1.4 million increase in fuel and fleet supply items of the Equipment Services Division
- \$400,000 increase in Dept. of Personnel for Fire Dept. promotional testing
- Net increase of 47 general fund positions

SUMMARY AND OVERVIEW

FY2009 GENERAL FUND REVENUES

General fund revenues for FY2009 are forecast at \$460.5 million, an increase of 6.1% over the current year's revised estimate of \$434.0 million. This estimate, however, contains a release of \$16 million in telecommunications tax settlement payments. After adjusting for these payments, the increase in revenues is estimated at a more modest 2.5%. This estimate incorporates the first full year of the telecommunications tax changes and projects a slowing in growth for the larger taxes such as sales, earnings and payroll taxes, indicative of the current economic environment.

Earnings and Payroll Tax

The Earnings tax, the largest single revenue producer, is predicted to grow at a rate of 1.3% over the revised FY2008 estimate. This projection calls for slower growth compared to the projected increase of approximately 3% for the current fiscal year. A slowing economy and specific workforce reductions such as Macy's, where 850 jobs are to be eliminated downtown by the second

quarter of 2008, are projected to have a negative impact on overall growth. A projected slowing in corporate profits, which comprise nearly 15% of earnings tax receipts and have been a source of steady growth in the past few years, is also anticipated to contribute to a return to a more moderate growth trend. The payroll tax has produced good year to date results and is projected to finish FY2008 up nearly 5%. Both increased collection efforts as well as severance payments related to corporate restructurings can be cited as contributing to growth in the current fiscal year. Like the earnings tax, payroll tax receipt growth is projected to slow with the economy and is projected to increase a modest 1.3% in FY2009.

Property Tax

Property tax revenues in FY2008 have been slowed somewhat by delays associated with protested assessments. Overall, property tax receipts are projected to be up nearly 2.5%. This growth is comprised of a projected increase of about 4.5% in real property tax receipts coupled with an actual

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decline in property taxes of approximately 6%. In FY09, property tax receipts are projected to continue growth at 2.5%. The property tax will remain a source of about 11% of general fund revenues. The growth in assessed value of real property in recent years is expected to moderate in the future as the housing market slowdown continues. Still, relatively stable housing values as well as continued commercial development remain dominant features of the property tax base.

Sales Tax

General fund sales tax revenues, after showing some strength in the first part of the fiscal year, weakened in the second half and are projected to end the year up 2.4%. The sales tax is traditionally the most susceptible to downturns in the economy. Projections for FY2009 reduce overall growth to a modest 1% for the year.

Intergovernmental Revenues

Revenues from the state of Missouri representing the city's share of state

automobile sales taxes have declined in FY2008. This has been compounded in part by increased deductions for collection fees not previously deducted by the State and a catch-up deduction for previous fiscal years. Revenues are projected to increase in by 2.5% in FY09. Gasoline tax revenues which are based on a statewide tax and ultimately distributed to local government units have also continued unabated in spite of the recent fluctuations in fuel prices. The forecast for FY2009 is in line with historical receipts.

In the Corrections Division, a backlog in the adjudication of criminal defendants held at the City detention facilities also served to delay reimbursement payments from the state for housing prisoners in FY08. Prisoner reimbursement revenues are projected to increase by approximately \$1.4 million in FY09 as the case flow has returned to normal.

Franchise Utility Taxes

One-time settlement payments and a change in the franchise tax on

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telecommunications will contribute to an estimated 12% increase in franchise and utility tax revenue FY09. This is the result of recent settlement agreements with telecommunications companies in the current fiscal year. By City ordinance effective in November, 2007, the City reduced its tax rate on phone companies from 10% to 7.5%. In exchange, the telecommunications companies which had previously protested the inclusion of receipts from wireless communications under the tax agreed to their inclusion. The resulting revenue total for telecommunications franchises is estimated to be \$15M on an annual basis an increase of about \$7 million over FY07 receipts, or the last full year under the old rate. Of the total projected receipts of \$15 million, \$13.5 million will be deposited into an employee pension trust fund to be used to pay for costs associated with City employee pensions. Additionally, a total of \$16 million in one-time telecom settlement payments are being budgeted along with the franchise tax revenues in FY09 resulting in the projected increase in this category. As to other franchise receipts, weather can play

a dominant factor in receipts for both natural gas and electricity. In FY08, these two revenues are projected to be up 4.5% and down 3.7% respectively. Collectively, receipts are to be up an estimated 2.2% for the year and are projected to repeat that performance in FY09. Gross receipts revenues from sales of water are projected to increase by 13% as a result of a recent rate increase by the City's Water Division to pay for the increased costs of water production.

Tourism and Amusement Taxes

Amusement tax receipts performed well in FY08 with increases in revenue of about 5% from both professional football and hockey games. The amusement tax is projected to show a more moderate growth in FY2009 of about 2.2%. Restaurant taxes are projected to be up just about 2.7% in the current fiscal year, but like sales taxes, are often susceptible to slow downs in the economy. Projections for FY09 restaurant tax receipts assume growth of 1.5%. Meanwhile, hotel tax receipts have already exhibited some signs of slowing in the second half of FY08 and are projected

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to increase only slightly by 1% in FY09.

Other License Fees

Cigarette taxes continued a pattern of gradual decline in FY08 and are projected to be down 1.5% in FY09. The largest category of license fees remains the graduated business license, bringing in about \$7.9M in general revenues. Given that the GBL is based on a fixed graduated schedule no growth is projected in FY09. Overall license fees are projected to increase just under 1% over revised FY08 estimates.

Departmental Receipts

In FY2008, Departmental receipts collections showed the most susceptibility to the slow down in the housing market. Revenues from the Recorder of Deeds as well as building permit fees showed significant declines, collectively dropping \$1.2M from the previous fiscal year. While FY09 does not anticipate an increase in recorded instrument fees, building permit fees are expected to rise based on projection for a number of pending commercial developments. Also increasing are revenues from certificates

of inspections. With citywide expansion of housing conservation districts, another \$500,000 in revenue is projected to be received by the Building Division revenues helping offset the costs of the program. In City Courts, red light camera enforcement efforts are expected to generate close to \$2M in FY08. While the number of sites using this traffic enforcement tool is expected to increase, revenue is projected to remain stable in FY09 as motorists adjust driving behavior thus producing the public safety benefits of this program. In the Corrections Division, a backlog in the adjudication of criminal defendants held at the City detention facilities also served to delay reimbursement payments from the state for housing prisoners in FY08. Prisoner reimbursement revenues are projected to increase by approximately \$1.4M in FY09 as the case flow has returned to normal.