



OFFICE OF THE COUNTY EXECUTIVE
SAINT LOUIS COUNTY
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STEVEN V. STENGER
COUNTY EXECUTIVE

November 2, 2015

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Honorable Patrick M. Dolan, Chair
And Members of the St. Louis County Council
Lawrence K. Roos County Government Building
Clayton, Missouri 63105

Honorable Council Members:

I herein offer my proposed annual budget for the fiscal year beginning on January 1, 2016 for your approval. I request appropriations totaling \$679,698,961 in accordance with Article VIII, Section 8.020 of the St. Louis County Charter and applicable state statutes.

The recommended budget increases 3.1% from the 2015 level; however, it does not provide funding for any additional programs or services.

In the general funds, this growth is due to a number of necessary costs. They include critical adjustments to the police compensation structure that the County Council and the County Executive approved. These adjustments were essential in order to attract and retain quality officers to provide policing services to our residents.

The general fund growth was also due to the required cost of administering elections in 2016 (a presidential election year); retirement and medical insurance cost increases; and capital equipment purchases.

In the special revenue funds, the growth is solely due to the St. Louis County Children's Service Fund which will be in the first year of a two-year funding cycle in 2016. The Spirit of St. Louis Airport Fund decreased by 25% due to lower fuel prices. Public transit funds decreased because funding for Metro supported by the Prop-A half-cent sales tax will not be appropriated until the Council considers the annual contract with Metro over the summer.

Finally, highway capital construction funds are down 22.5% due to the mix of road projects programmed by the Department of Transportation and Public Works. More significant than these increases are the items that are not possible given our current revenue and costs constraints. These challenges are discussed below.

	2015 Adjusted Budget	2016		Tax Levy*
		Recommended Budget	Percent Change	
General Revenue Fund	\$262,747,626	\$269,108,623	2.4%	\$0.206
Special Road & Bridge Fund	49,457,983	53,827,258	8.8%	0.103
Health Fund	59,149,705	61,178,053	3.4%	0.138
Park Maintenance Fund	29,417,333	30,745,640	4.5%	0.049
Subtotal: General Funds	400,772,647	414,859,574	3.5%	0.496
Special Revenue Funds	77,797,884	114,686,245	47.4%	
Debt Service Fund	7,731,632	7,732,232	0.0%	0.019
Spirit of St. Louis Airport Fund	30,521,758	22,877,160	-25.0%	
Total: Operating Budget	516,823,921	560,155,211	8.4%	0.515
Public Transit Funds^	101,742,327	87,954,650	-13.6%	
Highway Capital Construction Funds	40,752,150	31,589,100	-22.5%	
Grand Total	\$659,318,398	\$679,698,961	3.1%	\$0.515

**Per \$100 of assessed valuation. Residential real estate rates shown (each class of property has a separate rate)*

^The recommended budget does not include appropriations funded with "Prop-A" 0.50-cent sales tax revenues. These appropriations will be made upon the County Council's approval of the annual contract with Metro which is typically considered in June.

St. Louis County, like the nation as a whole, is undergoing social and economic paradigm shifts that demand dynamic and engaged government. As regional leaders in the midst of this sea change, our mission is delivering high-quality services and working with citizens, businesses and local partners to foster a strong, healthy community and a vibrant economy. I have challenged our workforce to adopt and embrace the following core set of values I believe this organization needs to be successful: exercising fiscal responsibility; embracing innovation and change; acting with the highest degree of integrity; and collaborating to move the county forward.

This year's budget reveals some challenges for the future. Revenue growth is limited and expenditures are growing. Our reserve balance is healthy. However, utilizing our reserves to fund county operations is a temporary solution and is not sustainable in the long run. Our projections show that the general funds – the main operating funds of county government – are on course to dip below our operational target of 10% of annual revenue in 2018. We are committed to keeping our reserves above that operational target.

In my first 10 months in office, I have built efficiencies and cut expenditures. I commissioned a countywide audit upon taking office. We received a draft report from the audit firm last week; we will issue the report as soon as it is finalized. This audit included forensic data mining covering our entire chart of accounts; a countywide risk analysis; an operational review of several high-risk program areas; and cost savings recommendations. This audit will serve as a roadmap for future fiscal stewardship.

Looking forward, we must find ways to further reduce costs and increase revenues.

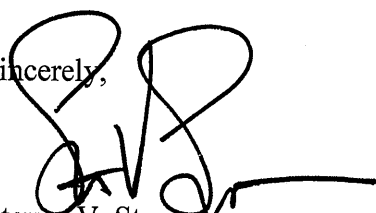
Cuts can only go so deep before they begin to negatively affect the breadth and quality of county services to residents. County government has seen a steady erosion of its tax rate without its restoration, from \$0.580 per \$100 of assessed valuation in 1989; to \$0.558 in 2005; to \$0.523 in 2009; to the current rate of \$0.515, the lowest in county history.

Due to the fiscal challenges I have outlined above, a conversation needs to begin now about whether responsible government requires a rate restoration.

I have also created the Office of Strategy and Innovation to assist in our efforts. This office is charged with making county government more effective, accountable and fiscally responsible. The creation of this office reflects the importance I place on aligning resources, services and policies to achieve our goals and create a better future for the county. The office also works with our departments and community partners to bring creative approaches and outside-the-box thinking to address our challenges and opportunities.

In conclusion, the recommended budget for fiscal year 2016 provides the basic funding necessary to deliver our core services. I pledge to work cooperatively with you to address our challenges. It is our strategic priority to demonstrate financial stewardship, execute a balanced budget each year and maintain a program of long-term financial planning with a focus on cost containment and program efficiency.

Sincerely,



Steven V. Stenger
County Executive