

City General Fund Summary

General Fund 2025 Proposed Budget

Purpose: The General Fund is the principal financial support for such basic services as the police and fire departments, parks and recreation, and general government operations (e.g., Mayor and City Council, human resources, finance, and other internal services). The major revenue sources for this fund are property taxes, Local Government Aid (LGA), franchise fees, and other general revenues. The tables and graphs on the following pages detail the General Fund's proposed 2025 spending and revenue plan.

Budget Highlights, Issues, and Challenges

COVID-19 Pandemic

The impacts of the COVID-19 pandemic on the City of Saint Paul budget linger. The pandemic prompted changes to behavior and spending patterns, significantly reducing City revenues. This budget assumes continued modest recovery in General Fund revenues including franchise fees, building permits, lodging taxes, and special event permits. Some revenues, like parking fees, are projected to remain at lower pandemic-era levels.

State Budget Decisions and LGA

The Minnesota 2023 legislative session provided a significant increase in the state's Local Government Aid (LGA) allocation. This provided Saint Paul's General Fund with an additional \$8.8 million over its 2023 allocation, bringing the 2024 total to \$81.6 million. LGA represents a significant revenue source for the City's General Fund, accounting for 19.6% of General Fund revenues. The 2025 allocation reflects a small, formula-driven increase for a total of \$81.8 million. Recent investments in LGA renew the state and local fiscal relationship, helping to make local budget planning and service delivery more predictable while keeping increases in the property tax levy manageable for the residents and business owners of Saint Paul.

Gas and Electric Franchise Fees

Due to a recent change in state law removing a restriction that prohibited the City of Saint Paul from charging gas and electric franchise fees during certain months, starting in 2025, the City of Saint Paul will begin collecting franchise fees for two additional months, resulting in an additional \$1.5 million in revenue. A portion of this additional revenue will be dedicated to climate initiatives, including a new program to weatherize and support gas to electric conversion in the homes of low-income residents, reducing the use of fossil fuels and lowering energy bills. This new revenue will also fund ongoing investments in the City's urban tree canopy, a Climate Action Coordinator, a Project Manager focused on energy projects, and the implementation of new snow maintenance operations.

Statewide Energy Code Adoption

A 2024 state law increased regulatory requirements for the Minnesota Commercial Energy Code, intending to help reduce the state's energy consumption by 80% by 2036. To fund the work required to enforce these regulations, the Department of Safety and Inspections will introduce a new fee on commercial plan reviews of projects valued at over \$50,000. The new Energy Plan Check fee will be 0.2% of the project value and will produce \$1.2 million in new revenue to cover costs of enforcement.

Property Tax Base and Levy

Over 80% of Saint Paul's local property tax base consists of residential properties, including both owner-occupied and rental units. Historically, as the home to many tax-exempt educational, medical, and state government institutions, about 20% of the City's property has been exempted entirely from paying property taxes.

The proposed budget includes a 7.9% increase in the property tax levy. The total 2025 proposed adopted levy is \$225 million. The General Fund receives 77.7% of the levy. The Library Agency receives 10% of the levy. City debt service accounts for 11% of the levy, with the remaining 1.3% levied on behalf of the Saint Paul Port Authority. The 2025 proposed budget assumes 2% property tax non-payment. Property taxes in the General Fund make up 46% of the fund's total revenue.

Current Service Level Adjustments

Summary sections for each department reflect current service level adjustments, including spending and revenue to maintain a department's same services as the previous year. Inflationary pressures including cost of living allowances built into union contracts and rising employee health care costs drive the increased cost of service delivery.

While the U.S. annual inflation rate has fallen from its peak in 2022, the cost of goods and services continues to put pressure on department budgets, driving up the City's costs of providing essential services to its residents.

Rate of Spending Growth

Saint Paul's City General Fund budget as proposed will increase by \$24.5 million, or 6.6% relative to 2024. The largest General Fund expense is employee wages and benefits – about 79% of all City General Fund spending is for personnel costs, accounting for more than \$20.3 million of the \$24.5 million growth over 2024.

The City must continue to find ways to manage these costs prudently and responsibly to maintain service delivery, as well as ensure the integrity of the City's finances. The 2025 proposed budget includes cost containment measures that redirect funds towards the areas of highest need. The budget also includes continued strategic leveraging of one-time sources.

Maintaining Adequate Financial Reserves

From 1994 to 2005, the City spent from its General Fund balance to finance a share of the annual operating budget. These actions decreased the fund balance from its peak in 1998 of 31% of subsequent year spending to just under 15% in 2005.

In 2006, the City enacted a fund balance policy mandating that the General Fund's balance be at least 15% of combined General Fund and Library operating spending. Despite significant mid-year LGA cuts in 2008 through 2011, the City continued to comply with the adopted fund balance policy. In 2020, the City resolved a mid-year COVID-related budget deficit of over \$22 million without using fund balance.

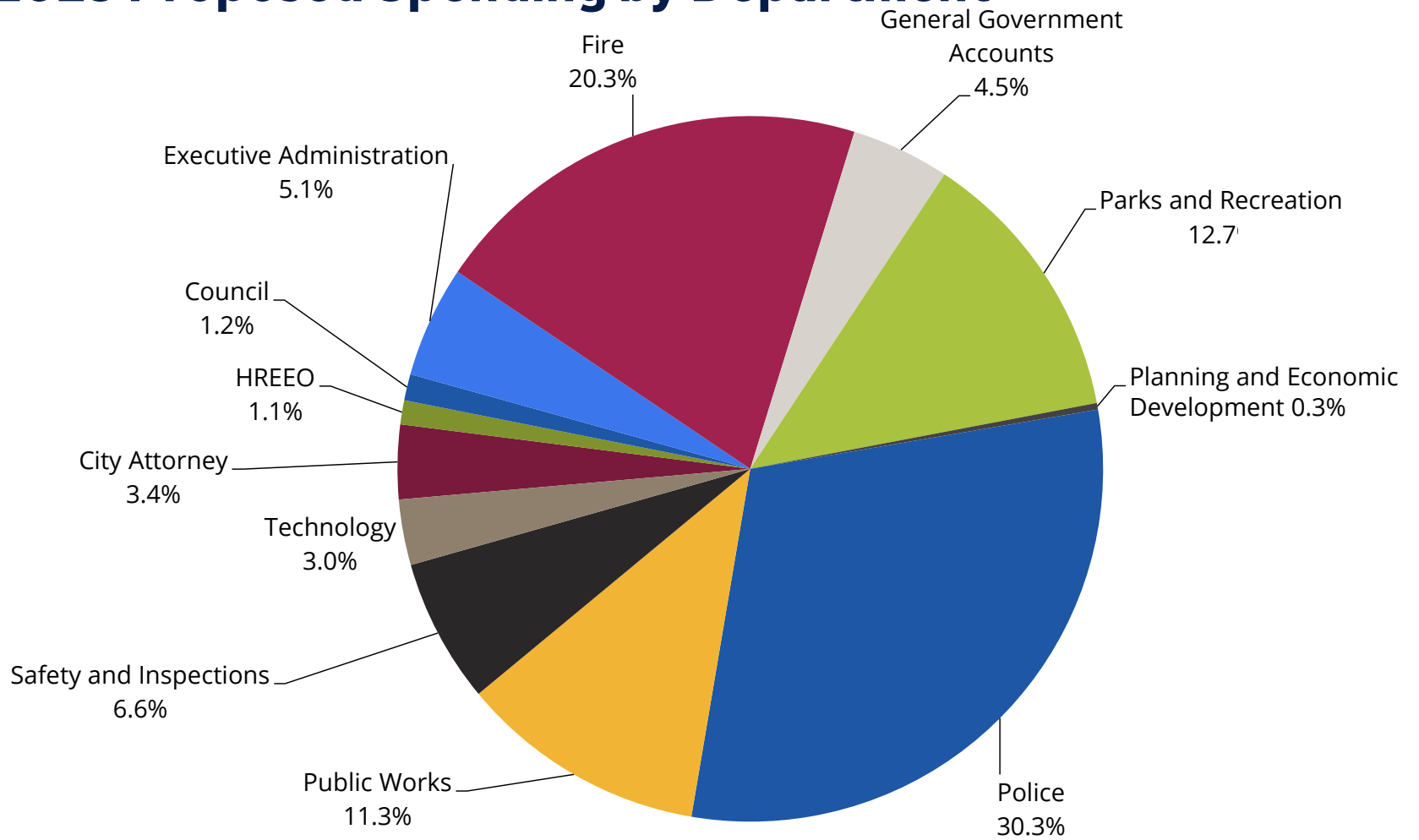
The 2025 proposed budget maintains compliance with the City fund balance policy, using a combination of ongoing and one-time solutions to balance the budget.

The City assumes over the long-term that impacted revenues will continue the recovery started in 2021, allowing the City to replace one-time budget solutions with ongoing sustainable revenues in the future.

General Fund Budget

General Fund Spending (By Department)			
Department/Office	2023 Adopted Budget	2024 Adopted Budget	2025 Proposed Budget
City Attorney	11,696,522	12,111,201	13,590,470
Council	4,185,903	4,595,666	4,682,043
Emergency Management	5,250,811	5,409,232	5,555,057
Financial Services	4,072,461	4,826,594	5,424,592
Fire and Safety Services	74,512,162	76,942,584	80,235,428
General Government Accounts	16,003,983	16,506,613	17,870,655
HREEO	3,879,270	4,299,844	4,382,035
Human Resources	5,248,866	6,468,389	6,647,043
Mayor's Office	2,378,713	2,432,875	2,509,438
Parks and Recreation	43,443,557	46,455,242	50,213,775
Planning and Economic Development	549,132	941,045	1,142,530
Police	106,622,201	109,737,257	119,321,740
Public Works	41,473,870	43,467,901	44,749,457
Safety and Inspection	23,334,949	24,398,624	26,164,106
Technology	10,590,847	11,237,481	11,860,727
Total	353,243,247	369,830,547	394,349,096

General Fund Budget 2025 Proposed Spending by Department

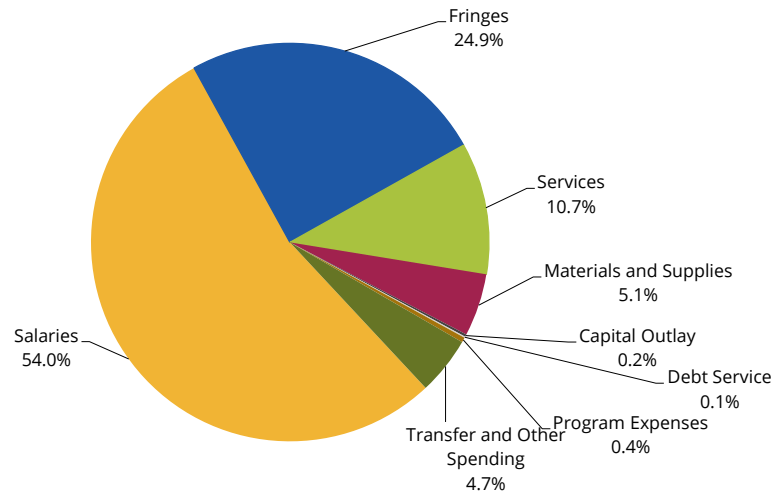


General Fund Budget

General Fund Spending			
(By Major Account)			
Object	2023 Adopted Budget	2024 Adopted Budget	2025 Proposed Budget
Salaries	191,114,277	198,843,667	212,781,472
Fringes	88,835,166	91,918,959	98,287,335
Services	40,390,182	39,978,944	42,216,243
Materials and Supplies	17,314,429	18,216,578	20,122,647
Capital Outlay	960,472	1,192,018	660,472
Debt Service	147,037	243,356	466,340
Program Expenses	1,689,571	1,689,571	1,396,267
Transfer and Other Spending	12,792,113	17,747,454	18,418,319
Total	353,243,247	369,830,547	394,349,096

General Fund Financing			
(Revenue By Source)			
Source	2023 Adopted Budget	2024 Adopted Budget	2025 Proposed Budget
Taxes	158,063,615	161,575,920	176,366,891
Fees, Sales and Services	48,265,072	47,438,235	51,901,298
Franchise Fees	26,800,000	27,460,000	28,290,000
Fines and Forfeitures	63,500	63,500	63,500
Intergovernmental Revenue	89,824,668	100,315,438	102,571,034
Assessments	26,700	26,700	26,700
Interest	1,700,000	2,469,504	2,469,504
License and Permits	13,433,790	14,033,790	15,740,139
Transfers and Other Financing	15,065,902	16,447,460	16,920,030
Total	353,243,247	369,830,547	394,349,096

General Fund Budget 2025 Proposed Spending By Major Object



2025 Proposed Revenue By Source

