

Appendices

Adopted Budget Resolutions

- RES 24-1750 Approving the 2025 City Tax Levy
- RES 24-1763 Approving the 2025 Budget



City of Saint Paul

City Hall and Court
House
15 West Kellogg
Boulevard
Phone: 651-266-8560

Signature Copy

Resolution: RES 24-1750

File Number: RES 24-1750

Approving the 2025 City Tax Levy. (Laid over from December 4, 2024)

WHEREAS, the Mayor, pursuant to the City Charter has proposed and recommended the 2025 budgets for the City of Saint Paul, and

WHEREAS, the proposed 2025 General and General Debt Service budgets have been reviewed and approved or adjusted by the City Council, and

WHEREAS, the City is required under Laws of Minnesota 2002, Chapter 390, Sec. 37, to levy a tax at the Library Board's request, which the Library Board has made, and

WHEREAS, the property tax levies needed to finance those budgets have been determined, and

WHEREAS, the Port Authority of the City of Saint Paul requested a property tax levy to finance economic development budgets under Minnesota Statutes section 469.053, subd. 4 and 6,

NOW THEREFORE BE IT RESOLVED, that the City Council, in anticipation of adopting the General Fund, General Debt Service, and Library Agency budgets for the fiscal year 2025, and in accordance with section 10.04 of the City Charter, does hereby levy taxes on all taxable property within the Saint Paul corporate limits, to be collected totaling the amount set forth in the attached; and

BE IT FURTHER RESOLVED, that the City Council requests the City Clerk to forward this resolution to the Ramsey County Department of Property Records and Revenue in accordance with the applicable provisions of the City Charter and other laws, and

BE IT FINALLY RESOLVED, that the City Council requests the Office of Financial Services to complete and forward any state forms required identifying these adopted levies and corresponding special levies.

At a meeting of the City Council on 12/11/2024, this Resolution was Passed.

Yea: 6 Councilmember Noecker, Councilmember Jalali, Councilmember Kim, Councilmember Bowie, Councilmember Jost, and Councilmember Johnson

Nay: 0

Absent: 1 Councilmember Yang

City of Saint Paul Financial Analysis

Amended Attachment B (A2 Budget)

1	<u>File ID Number:</u>	RES 24-1750		
2				
3	<u>Budget Affected:</u>	Operating Budget	Multiple Departments	Multiple Funds
4				
5	<u>Total Amount of Transaction:</u>	n/a		
6				
7	<u>Funding Source:</u>	Other	Please Specify:	Property Tax Levy
8				
9	<u>Charter Citation:</u>	Laws of Minnesota 2002, Chapter 390, Sec. 37; Minnesota Statutes section 469.053, subd. 4 and 6;		
10		Section 10.04 of the Saint Paul City Charter		

Fiscal Analysis

Resolution approves the final pay 2025 City of Saint Paul Property Tax Levy at **\$220,798,794**. This includes City Operating and Debt Levies, Saint Paul Public Library Operating and Debt Levies, and the Saint Paul Port Authority levy. Details on the breakdown between these entities is shown below.

Payable 2025 City of Saint Paul Property Tax Levy

<u>Description</u>	Tax Levy	Tax Levy	%
	<u>Payable in 2024</u>	<u>Payable in 2025</u>	<u>Change</u>
City levy for city operations and shrinkage	160,078,894	170,737,939	6.66%
City levy for Debt Service and shrinkage	23,179,457	24,710,069	6.60%
City levy for Library Agency and shrinkage	22,462,394	22,449,086	-0.06%
City Levy for City Government	205,720,745	217,897,094	5.92%
City levy for Port Authority levy per Mn. Stat. sec 469.053	2,776,700	2,901,700	4.50%
Total Levy	208,497,445	220,798,794	5.90%



City of Saint Paul

City Hall and Court
House
15 West Kellogg
Boulevard
Phone: 651-266-8560

Signature Copy

Resolution: RES 24-1763

File Number: RES 24-1763

Adopting the 2025 Budget. (City Council to consider the Mayor's line item vetoes.)

WHEREAS, the Mayor has proposed budgets for the City of Saint Paul for the fiscal year beginning January 1, 2025, in accordance with the Saint Paul City Charter and Chapter 56 of the Administrative Code; and

WHEREAS, the City Council, after publication of the notice in the newspaper on December 1, 2023, participated in a public hearing on December 2, 2024, on the Mayor's Proposed 2025 budgets and property tax levy, as required by the City Charter and applicable state and federal laws; and

WHEREAS, the Council has revised the Mayor's proposed budgets as indicated in Attachment A; now therefore be it

RESOLVED, that in accordance with the procedures and requirements set forth in the City Charter and other laws applicable thereto, the Council of the City of Saint Paul does hereby adopt the 2025 budgets as proposed by the Mayor with such monetary changes, additions and deletions as are hereby adopted and which, along with total budgets, are set forth in Attachment A; and be it

FURTHER RESOLVED, that the expenditures in dollars as may be made by the offices, departments, bureaus, and agencies of city government during the fiscal year 2025 shall be, and are hereby approved, and adoption of these budgets shall constitute appropriations of the money amounts as set at the department budget total in the General Fund budget, the project total in the Capital Improvements Budget, and the fund budget total in all other cases; and be it

FURTHER RESOLVED, that the estimated financing set forth in the 2025 adopted budgets is hereby approved; and be it

FURTHER RESOLVED, that the Five-Year Capital Program for 2025-2029 is hereby approved; and be it

FURTHER RESOLVED, that the adoption of the 2025 budget for the Community Development Block Grant Fund is a multi-year budget based on estimates for a grant which has a fiscal period that differs from the City's budget year (January 1 through December 31); the authority to implement this adopted multi-year budget commences only at the beginning of the grant period, and shall extend beyond December 31, 2025, through the end of the grant period and; during the year when the grant is accepted by the City Council, the budget will be amended to match the actual grant amount for the entire multi-year period; and be it

FURTHER RESOLVED, that the City of Saint Paul is authorized to expend Opioid Settlement Funds in the amounts identified in the 2025 budget on: the City's Homeless Assistance Response Team (HART) and Community Outreach and Stabilization (COAST) Unit (eligible under Sections B and C of the settlement agreement), community engagement within the Office of Neighborhood Safety (eligible under Sections B and C of the settlement agreement), and safety supplies for public

libraries (eligible under Section H of the settlement agreement) in 2025; and be it

FURTHER RESOLVED, that the City Clerk is directed to publish the 2025 budget summary pursuant to Minnesota Statutes section 471.6965 in the format prescribed by the Office of the State Auditor; and be it

FINALLY RESOLVED, that the Director of Financial Services is hereby authorized to prepare the final 2025 budgets in accordance with the actions taken herein and to equalize, balance or set the final department revenue sources and department appropriations as necessary.

At a meeting of the City Council on 12/19/2024, this Resolution was Passed.

Yea: 7 Councilmember Noecker, Councilmember Jalali, Councilmember Yang, Councilmember Kim, Councilmember Bowie, Councilmember Jost, and Councilmember Johnson

Nay: 0

**2025 Budget Balancing Status
General Fund
Resolution Attachment**

RES 24-1763

		Spending	Financing
1			
2	Mayor's Proposed Budget		
3	General Fund	<u>394,349,096</u>	<u>394,349,096</u>
4	Mayor's Proposed Budget Total	394,349,096	394,349,096
5			
6	Gap: Excess / (Shortfall)		
7			
8	Technical Changes to the Mayor's Proposed Budget		
9			
10	Technical Changes to Adjust for Updates and Omissions		
11			
12	All Departments	Budget Neutral	
13	City Attorney	(200,000)	(200,000)
14	Financial Services	(68,541)	(68,541)
15	Financial Services	(173,362)	-
16	Parks	173,362	-
17	Parks	(410,000)	(410,000)
18	Police	(275,000)	(275,000)
19	Police	(1,035,000)	(1,035,000)
20	Public Works	35,000	35,000
21	Public Works	(225,000)	(225,000)
22	Public Works	(40,000)	(40,000)
23			
24	Revised Revenue and Budget Estimates		
25			
26	General Revenue Adjustments		
27			
28	Fire	-	(200,000)
29	General Government	-	1,013,720
30	General Government	-	575,000
31	OTC	-	(150,000)
32	OTC	-	(2,100)
33	Parks	-	205,000
34	Parks	-	(275,000)
35	Parks	-	42,700
36	Parks	-	(105,915)
37	Public Works	-	(201,000)
38	Safety and Inspections	-	(35,000)
39			
40			
41	Budget After Technical Changes	<u>392,130,555</u>	<u>392,997,960</u>
42			
43	Gap: Excess / (Shortfall)		
44			
45			
46	Council Changes to the Mayor's Proposed Budget		
47			
48	Program Adjustments	Spending	Financing
49	City Attorney	(200,000)	-
50	City Council	160,000	-
51	City Council	15,000	-
52	City Council	-	72,558
53	City Council	110,000	-
54	City Council	50,000	-
55	City Council	(96,469)	-
56	DSI	(100,000)	-
57	DSI	(63,590)	-
58	DSI	(200,000)	-
59	Fire	360,693	-
60	General Government	-	90,000
61	General Government	-	(4,086,545)
62	General Government	-	750,000
63	General Government	700,000	-
64	HR	(150,000)	-
65	HREEO	(227,180)	-
66	Mayor's Office	(57,062)	-
67	OFS	(96,469)	-
68	Parks	102,000	(150,000)
69	Parks	(60,421)	-
70	PED	(360,000)	-
71	PED	(51,818)	-
72	PED	(157,067)	-
73	Police	(74,185)	-
74	Police	(1,200,000)	-
75	Police		

76	Public Works	Additional Attrition i.e. Vacany Savings	(155,733)	-
77	Public Works	Allocate Excess FY24 Carryover for Reparatons	(140,000)	-
78	Public Works	Reduce funding for non-essential traffic signs and markings	(50,000)	-
79	Public Works	Transfer additional storm sewer revenue for street sweeping	-	50,000
80	Various	Transfer additional revenue to Special Funds	140,000	-
81	Various	Reduce City Capital Projects Spending to Balance Additional Tree Planting/Urban Canopy	<u>(500,000)</u>	<u>-</u>
82	Budget After Policy Changes		389,723,973	389,723,973
83				
84	Gap: Excess / (Shortfall)			0
85				

2025 Budget Balancing Status
Special Funds

			Spending	Financing
86				
87				
88				
89				
90				
91	Mayor's Proposed Budget			
92	Special Funds		461,087,116	461,087,116
93	Mayor's Proposed Budget Total		461,087,116	461,087,116
94				
95	Gap: Excess / (Shortfall)			0
96				
97	Technical Changes to the Mayor's Proposed Budget			
98				
99	Technical Changes to Adjust for Updates and Omissions			
100				
101	All Departments	Align department budgets to proper accounting units and account codes		Budget Neutral
102	City Council	Update budget for the City Council Modernization project	(14,364)	(14,364)
103	City Attorney	Update budget for the Criminal Division Backlog project	(311,010)	(311,010)
104	City Attorney	Carry forward obligated funds for the Office of Neighborhood Safety	3,196,386	3,196,386
105	City Attorney	Move Program Administrator from Planning and Economic Development	194,087	194,087
106	City Attorney	Move downtown investment (ONS cameras) funding from General Fund to Special Project Fund	200,000	200,000
107	Financial Services	Update budget for the Electronic Payments project	(343,817)	(343,817)
108	Financial Services	Update special services budget to reflect 2025 expansion of district	1,454,057	1,454,057
109	Financial Services	Update Green Energy Loan Fund to reflect principal and transition to general obligation bonds	(3,517,279)	(3,517,279)
110	Financial Services	Update Energy Initiative Loan Fund to reflect complete payoff	(996,030)	(996,030)
111	Financial Services	Update principal for trash truck loan	1,100,000	1,100,000
112	Financial Services	Align Fleet budget with actual spending and revenue	(300,992)	(300,992)
113	Financial Services	Carry forward unspent balances on downtown skyway improvement project	740,000	740,000
114	Financial Services	Update budget to reflect ongoing Infor costs	350,000	350,000
115	General Government	Update budgets in American Rescue Plan Fund	(6,478,060)	(6,478,060)
116	General Government	Update budgets in Citywide Technology and Innovation Fund	(46,233)	(46,233)
117	General Government	Move Local Fund FTE funding from General Fund to Special Project Fund	68,541	68,541
118	General Government	Update budgets in Special Project Fund	(4,350,391)	(4,350,391)
119	Human Resources	Add Ready Rebound contract to Workers Compensation Fund	178,000	178,000
120	OTC	Update PEG Budget to reflect lower cable franchise fee revenue	(310,000)	(310,000)
121	Parks	Move downtown tree trimming and public art funding from General Fund to Special Project Fund	410,000	410,000
122	Parks	Increase golf service budget funded by increased revenues	150,000	150,000
123	Parks	Personnel updates funded by increased revenues	25,938	25,938
124	PED	Update carryforward of obligated Healthy Homes project funds	(200,000)	(200,000)
125	PED	Move Program Administrator to Office of Neighborhood Safety grant fund	(194,087)	-
126	PED	Increase general professional services to balance position shift	194,087	-
127	PED	Update carryforward for heritage preservation consulting and Downtown Alliance	50,000	50,000
128	PED	Recognize anticipated salary savings and reduce transfer from HRA	(31,765)	(31,765)
129	PED	Update Neighborhood STAR budget	38,324	38,324
130	PED	Update Cultural STAR budget	(100,000)	(100,000)
131	PED	Update Econ. Dev. STAR budget for arena complex to reflect TIF law change and capital allocation agreement	1,500,000	1,500,000
132	Police	Move downtown investment funding from General Fund to Special Project Fund	275,000	275,000
133	Police	Move Police academy funding from General Fund to Special Project Fund	1,035,000	1,035,000
134	Police	Remove use of fund equity and decrease equipment and services in Police Special Projects Fund	(963,692)	(963,692)
135	Public Works	Right of Way fee increase adjustments	17,010	17,010
136	Public Works	Move downtown investment funding from General Fund to Special Project Fund	40,000	40,000
137	Public Works	Update for expansion of Solid Waste and Recycling program	44,716,460	44,716,460
138	Public Works	Sewer Utility - sanitary, storm and base sewer rates increased to 10%	3,399,736	3,399,736
139	Public Works	Align salary expense for Deputy Director position	61,736	61,736
140	Public Works	Move new snow operations from General Fund to Special Project Fund	225,000	225,000
141	Public Works	Carry forward in Special Project Fund	1,751,134	1,751,134
142				
143	New or Amended Grant Budgets			
144				
145	City Attorney	Carry forward and adjust multi-year grant funds: City Attorney's Office	33,473	33,473
146	City Attorney	Carry forward multi-year grant funds: Office of Neighborhood Safety DPS Grant	227,749	227,749
147	City Attorney	Carry forward multi-year grant funds: Office of Neighborhood Safety DOJ/Ramsey Co Grant (Familiar Faces)	1,554,201	1,554,201
148	City Attorney	Carry forward multi-year grant budget: Pohlad	203,488	203,488
149	Emergency Management	Update grant budget: UASI	(253,023)	(253,023)
150	Emergency Management	Carry forward multi-year grant budget: EMPG	549	549
151	Emergency Management	Carry forward multi-year grant budget: CRE	150,000	150,000
152	Financial Services	Correct grant budget: Office of Financial Empowerment	1,876	1,876
153	Fire	Carry forward multi-year grant budget: HMEP	16,024	16,024
154	Fire	Update grant budget: AFG	(931,583)	(931,583)
155	Fire	Carry forward multi-year grant budget: MN Board of Firefighter Training and Education (MBFTE) MART	112,506	112,506
156	Fire	Update grant budget: State Hazardous Materials (Haz Mat)	(154,619)	(154,619)
157	Mayor's Office	Carry forward multi-year grant budget: Living Cities (HR/TER)	15,000	15,000
158	Parks	Update Met Council grant budget	8,224	8,224

159	Police	Carry forward multi-year grant budget: Saint Paul Police Foundation	99,286	99,286
160	Police	Update grant budget: MN Department of Public Safety Justice Office	(66,575)	(66,575)
161	Police	Carry forward multi-year grant budget: Pathway To Policing Reimbursement Grant	40,135	40,135
162	Police	Carry forward multi-year grant budget: Coverdell Forensic Sciences	35,659	35,659
163	Police	Update grant budget: State And Community Highway Safety	(164,948)	(164,948)
164	Police	Update grant budget: Byrne Jag Program 2010	(279,320)	(279,320)
165	Police	Carry forward multi-year grant budget: Byrne Jag Program 2012	106,036	106,036
166	Police	Carry forward multi-year grant budget: Police Port Security Grant	478,908	478,908
167	Public Works	Carry forward multi-year grant budget: CMAQ	1,261,656	1,261,656
168				
169				
170	Budget After Technical Changes		506,794,594	506,794,594
171				
172	Gap: Excess / (Shortfall)			0
173				
174				
175	Council Changes to the Mayor's Proposed Budget			
176				
177	City Council	Add one-time funding for reparations	250,000	110,000
178	Parks	Remove transfer of Como Zoo staff to General Fund	60,421	60,421
179	PED	Reduce transfer from General Fund to reflect one-time use of salary savings	(360,000)	(360,000)
180	PED	Remove Low Income Homeowner Support Program funded with Local Affordable Housing Aid (LAHA)	(500,000)	-
181	PED	Move tenant protections funding from LAHA to Housing Trust Fund contingency	(380,000)	-
182	PED	Add funding for supportive housing contract	880,000	-
183	PED	Remove STAR transfer to Housing Trust Fund	(1,400,000)	-
184	PED	Create one-time Commercial Corridors Fund with STAR funding	1,400,000	-
185	PED	Transfer from WTC Parking Fund for housing policy evaluation	100,000	100,000
186	Public Works	Transfer additional storm sewer revenue to General Fund	50,000	-
187	Public Works	Reduce spending to balance storm sewer transfer	(50,000)	-
188	Public Works	Add one-time funding from HRA Parking Fund for "Next Best" Bike Safety Improvements	150,000	150,000
189	Various	Transfer additional revenue from General Fund	-	140,000
190	Budget After Policy Changes		506,995,015	506,995,015
191				
192	Gap: Excess / (Shortfall)			0
193				

2025 Budget Balancing Status
Debt

194				
195				
196				
197				
198				
199				
200	Mayor's Proposed Budget		Spending	Financing
201	Debt Service Funds		<u>87,644,522</u>	<u>87,644,522</u>
202	Mayor's Proposed Budget Total		87,644,522	87,644,522
203				
204	Gap: Excess / (Shortfall)			0
205				
206	Technical Changes to the Mayor's Proposed Budget			
207				
208	Technical Changes to Adjust for Updates and Omissions			
209				
210	Debt	Adjust for debt costs updates	3,687	3,687
211	Debt	Adjust for updates of future GO bond sale	40,591	40,591
212	Debt	Adjust for results of street bond sale	(208,784)	(208,784)
213	Debt	Adjust for updates in debt service schedule and final results of sale	268,784	268,784
214				
215	Revised Revenue or Budget Estimates			
216				
217	Debt	Update to reflect sales tax internal transfer	1,000,000	1,000,000
218				
219				
220	Budget After Technical Changes		<u>88,748,800</u>	<u>88,748,800</u>
221				
222	Gap: Excess / (Shortfall)			0
223				
224				
225	Council Changes to the Mayor's Proposed Budget			
226				
227		No changes		
228				
229				
230	Budget After Policy Changes		<u>88,748,800</u>	<u>88,748,800</u>
231				
232	Gap: Excess / (Shortfall)			0
233				
234				

**2025 Budget Balancing Status
Capital Improvement Budget**

235				
236				
237				
238				
239				
240				
241	Mayor's Proposed Budget			
242	Capital Improvement Budget		164,307,625	164,307,625
243	Mayor's Proposed Budget Total		<u>164,307,625</u>	<u>164,307,625</u>
244				
245	Gap: Excess / (Shortfall)			-
246				
247	Technical Changes to the Mayor's Proposed Budget			
248				
249	Technical Changes to Adjust for Updates and Omissions			
250				
251	Multiple Departments	Align department budgets to proper budget codes		Budget Neutral
252	Parks	Change financing for Parks Common Cent sales tax projects from borrowing to sales tax cash	(36,759,625)	(36,759,625)
253	Parks	Change financing for Parks Common Cent sales tax projects from borrowing to sales tax cash	36,759,625	36,759,625
254	Parks	Cost updates to Parks Common Cents sales tax projects	(196,205)	(196,205)
255	Public Works	SRTS Crossroads Elementary: Update MSA and TAA funding	190,000	190,000
256	General Government	Transfer to Debt Fund: Update CIB Bond Interest Earnings	47,319	47,319
257	Fire	Fire Vehicles: Update General Obligation Capital Notes	195,000	195,000
258	Police	Police Vehicles: Update General Obligation Capital Notes	165,000	165,000
259				
260				
261	Budget After Technical Changes		<u>164,708,739</u>	<u>164,708,739</u>
262				
263	Gap: Excess / (Shortfall)			-
264				
265				
266	Council Changes to the Mayor's Proposed Budget			
267				
268		No changes		
269				
270	Budget After Policy Changes		<u>164,708,739</u>	<u>164,708,739</u>
271				
272	Gap: Excess / (Shortfall)			0
273				
274				



OFFICE OF MAYOR MELVIN CARTER
CITY OF SAINT PAUL

390 City Hall
15 Kellogg Boulevard West
Saint Paul, Minnesota 55102

December 18, 2024

Members of the Saint Paul City Council,

Thank you for submitting your final adopted city budget for 2025. This is our most sacred task each year, and there is much to be proud of in your final product. While this year's journey closed with major disagreements, that is a part of the process. I affirm your right to disagree with and depart from my recommendations and acknowledge the significant investment of time and energy this process requires of us all.

As the entity solely responsible for implementing the city budget each year, my team has completed our due diligence examination of accuracy, viability, and legality of the budget documents approved by Council on December 11, 2024.

Findings: Office of Financial Services (OFS) Budget Review

Upon completion of a standard review of your adopted 2025 budget, staff in our City's Office of Financial Services have identified significant issues, principally including the use of \$2,396,503 in unattainable savings to finance core city operations:

Item	Amount (\$)	Note
Police Staffing/ Overtime	net (500,000)	Primary drivers of officer overtime include backfilling officers on military or medical leave, pursuing time sensitive investigations, and testifying in criminal trials. As these are essential and required services, this reduction cannot be realized as actual savings.
Forestry/ Streets	(500,000)	Adopted budget double-charges property owners for forestry investment by funding it with a \$500,000 street maintenance cut while increasing franchise fees by the same amount, ostensibly for the same purpose. This cut breaks our shared promise to commit new franchise fee revenue to climate initiatives.
Eliminate Position: Human Rights & Equal Economic Opportunity Director	(227,180)	Elimination of Charter-mandated position is beyond City Council authority (See legal review findings described below).
Attrition	(855,733)	Council's request to exclude police, fire, libraries, and parks and recreation from impacts of this significant staffing cut is impractical. As these four departments represent 65% of total general fund spending, imposing this cut on smaller/internal facing departments would create a circular effect, materially impacting the HR, finance, legal, and other central supports upon which those larger departments rely.
Department of Safety & Inspections (DSI) Accounting Units	(263,590)	Cut would result in reductions to front counter and call center staff who assist residents and businesses complete permit applications. These cuts would result in revenue reductions that are unaccounted for in Council's adopted budget.
Storm Sewer	(50,000)	Threatens Sewer Fund credit rating; a downgrade from AAA to AA+ would increase interest charges by approximately 3x the savings generated by this reduction, exposing the fund to \$1.55 million in likely additional charges to save \$500,000 over 10 years.

I communicated these concerns to you in writing two days ago, along with an urgent request for you to take supplemental action to address these material deficiencies during your next regular City Council meeting on December 18. I received no responses to that letter, and you have now adjourned your December 18 meeting without such action.

As the legal deadline for final decisions pertaining to next year’s budget is established by City Charter, Sec 10.06 as 11:59 p.m. tonight (Wednesday, December 18, 2024), the City Council has effectively run out the clock on its own ability to cure these deficiencies, leaving administrative action as our only remaining option.

Action: Line-Item Vetoes

Pursuant to Section 6.08 of the Saint Paul City Charter, please accept this correspondence as official conveyance of my decision to line-item veto the following items of Resolution # RES 24-1763 Adopting the 2025 Budget:

Item	Amount (\$)
City Council Office Redesign Project	1,894,000
Elimination of Human Rights & Equal Economic Opportunity Director	(227,180)
Events & Festivals Programming	160,000
Council Audit Committee	50,000
Saint Paul Children's Collaborative	15,000

Apart from these line-item vetoes, I will sign your 5.9% levy into law along with the rest of your adopted city budget resolutions.

Protecting Public Safety

We must be responsible stewards of public dollars in every city function, including emergency response. To be clear, the first aim of that stewardship is to ensure that no police officer, firefighter, paramedic, or EMT is ever asked to wait for paperwork from City Hall before racing to help a neighbor in need.

The City Council’s adopted budget reduces funding for police overtime staffing by \$1.2 million with no plan to safely absorb those cuts. Without a specific plan to respond to fewer 911 calls, investigate fewer crimes, and/or answer fewer court subpoenas, these cuts can only result in forced overspending.

To absorb this forced overspending and, moreover, to protect the emergency response services upon which our residents and businesses rely from the \$1.2 million cut in the City Council’s adopted budget, I veto the \$1.894 million planned renovation of the City Council office suites.

Preserving Human Rights & Equal Economic Opportunity (HREEO)

The City Council’s decision to permanently eliminate the Director position in the City’s Department of Human Rights and Equal Economic Opportunity presents twin paradoxes for the Administration. First, because the position is established and required by our City Charter, the Administration cannot adhere to the Council’s adopted budget and our City Charter at the same time. The City Charter prevails in this conflict, as we are bound by law to follow its codes.

Second, while the City Council identified this position for elimination because the process to select a permanent director has not yet commenced, the City Charter empowers the City Council with starting this process. I have asked the City Council's Leadership Team to begin this selection process as soon as possible but have to date received no response.

If the City Council supports the existence of our Department of Human Rights and Equal Economic Opportunity, then maintaining funding to hire a director is critical, and the City Council should begin the process immediately. If not, elimination of this department can only be pursued through the proscribed process to amend our city's ordinances and Charter to that effect.

To maintain our compliance with the City Charter, I veto the elimination of the Human Rights and Equal Economic Opportunity Director. As the expense of this ongoing change must be counterbalanced with identified savings, I must also veto planned ongoing expenditures for Events and Festivals Programming, the Saint Paul Children's Collaborative, and expansion of the Council Audit Committee.

Findings: City Attorney's Office Legal Review

Our Saint Paul City Charter empowers the Office of the Mayor to "control and direct the administration of the city's affairs," to "see that this Charter and the laws and ordinances are enforced," to "appoint... all heads of executive departments," and to "direct and supervise the administration of all departments, offices and agencies of the city, except as otherwise expressly provided."

Council's attempts to eliminate a head of a Charter-established executive department (Human Rights and Equal Economic Opportunity), and to withhold \$700,000 in police department staffing/operations funding pending Council review of quarterly operational plans, both usurp the Administration's ability to perform its Charter-imposed duties and are an overreach of the City Council's established legislative authority. I look forward to working with you to resolve these errors.

Ongoing Need for Administrative Action

The actions in this communication represent small and short-term first steps, as compared to the larger ongoing gaps identified above. My Administration must begin preparing significant operational adjustments to reduce spending over the coming year. This process will necessarily be challenging; it would be unrealistic to expect millions in spending reductions to be attainable without significant reductions to the service levels our constituents have grown to expect.

My goals through this process will be to distribute reductions equitably across all city functions to prevent disproportionate impact to any single department, to balance front-line service impacts and maintenance of strong central support systems, and to reduce through attrition, seeking to avoid staff layoffs, where possible. As I have throughout this budget process, I welcome your feedback and suggestions related to these goals.

While this task will require significant time and effort, a \$2.4 million funding shortage demands immediate action. I have directed department leaders to prepare for an immediate freeze of new hiring and contracted expenses across every city function, including new spending planned for 2025, which will likely remain in effect until final determination has been made on a full set of service reductions necessary to meet the bottom lines in the City Council's adopted budget.

From serving unsheltered residents to revitalizing our downtown to addressing impacts of the national fentanyl crisis, our constituents are counting on us to work together to guide Saint Paul through significant challenges ahead. I acknowledge and share your alarm about the squeeze residential property taxpayers are feeling between rising residential values and decreasing values for apartment and office buildings. We cannot cut our way out of these cycles; the fact that this challenge is not unique to our city only underscores our urgent need to invest. This same concern drives my conviction that right now is a poor time to disinvest in public safety, downtown revitalization, and public infrastructure.

As separate and co-equal branches of city government, I remain committed to the critical partnership between the Administration and the Council. I remain willing to engage with Council Members in a thoughtful exploration of options to responsibly reduce officer overtime while avoiding unacceptable lapses in emergency response services, and to work together to pursue common ground and advance shared goals at every afforded opportunity.

Thoughtful dissent is a hallmark of our democracy. As such, veto power should be used sparingly and with extreme discernment. Over my seven years as Mayor, this is only my third time exercising such authority. This conviction is strongly evidenced by the many items in the City Council's 2025 adopted budget with which I vehemently disagree but left to proceed unimpacted by administrative veto action.

Our team will work as swiftly as possible to develop an approach to solve remaining budget gaps while mitigating frontline impacts. As always, I will remain in regular contact with Council Members and welcome your constructive participation as these processes advance. I look forward to your collaboration in addressing these challenges and ensuring we continue to secure our city's financial stability throughout and beyond the coming budget year.

In Service,



Melvin W. Carter III
Mayor

**2025 Adopted Budget Line Item Vetoes
General Fund**

		Spending	Financing
1			
2	Council Adopted Budget		
3	General Fund	<u>389,723,973</u>	<u>389,723,973</u>
4	Council Adopted Budget Total	389,723,973	389,723,973
5			
6	Gap: Excess / (Shortfall)		0
7			
8	Mayor's Line Item Vetoes		
9		Veto Impact	Veto Impact
10	HREEO	227,180	-
11	City Council	(160,000)	-
12	City Council	(15,000)	-
13	City Council	(50,000)	-
14		-	2,180
15			
16	Budget After Line Item Vetoes	<u>389,726,153</u>	<u>389,726,153</u>
17			
18	Gap: Excess / (Shortfall)		0
19			
20			
21			

**2025 Adopted Budget Line Item Vetoes
Special Funds**

		Spending	Financing
25			
26	Council Adopted Budget		
27	Special Funds	<u>506,995,015</u>	<u>506,995,015</u>
28	Council Adopted Budget Total	506,995,015	506,995,015
29			
30	Gap: Excess / (Shortfall)		0
31			
32	Mayor's Line Item Vetoes		
33		Veto Impact	Veto Impact
34	City Council	(1,894,000)	-
35		-	(1,894,000)
36			
37	Budget After Technical Changes	<u>505,101,015</u>	<u>505,101,015</u>
38			
39	Gap: Excess / (Shortfall)		0
40			

Glossary

Account Code: A five-digit code assigned to a specific type of receipt or expenditure. A major account code is a grouping of expenditures or receipts on the basis of the types of goods or services purchased or rendered. For example, personnel services, materials, supplies, and equipment are major account codes.

Accounting Unit (AU): An accounting unit is a subunit of a fund. Each fund contains one or more accounting units, a specific and distinguishable budgetary unit of work or service. Accounting units are detailed levels of budget spending authority created to accomplish the approved objectives of the fund.

Accounting Unit Number: An eight (8)-digit number which uniquely identifies the accounting unit. The first digit indicates the fund type, while the second digit indicates the department.

Allocation: A portion of a lump sum appropriation which is designated for expenditure by specific organizational units or for special purposes. See Appropriation.

American Rescue Plan Act (ARP): The American Rescue Plan Act, signed into law March 11, 2021, provides \$1.9 trillion in direct economic assistance for American workers, families, small businesses, and industries to address issues related to the COVID-19 pandemic. The ARP creates the Coronavirus State and Local Fiscal Recovery Funds, which provide \$350 billion to address the pandemic's public health and economic impacts and lay the foundation for a strong and equitable recovery.

Appropriation: An expenditure authorized by the City Council for a specified amount and time.

Assessed Valuation: The value that is established for real estate or other property by a government for use as a basis for levying property taxes.

Bond: A written promise to pay a specific sum of money (called the principal amount or face value) at a specified future date (called the maturity date) along with periodic interest at a specified rate.

Budget Document: The written record of the comprehensive financial plan the mayor presents to the city council for review, revision if deemed appropriate, and adoption.

Capital Allocation: Assignment of available capital (dollars) to specific uses.

Capital Expenditure: Actual spending of capital (dollars) for capital improvement projects.

Capital Improvement: The purchase or construction of durable/fixed assets. Examples include streets, bridges, parks, or buildings.

Capital Improvement Budget (CIB): A plan for capital expenditures (physical development of the city) to be incurred each year, over a fixed number of years, in order to meet capital needs arising from the long-term work program.

Capital Outlay: Equipment, machinery, vehicles, or furniture items included in the operating budget. See Capital Improvement Budget.

Capital Projects Fund: A fund established to account for all financial resources used for the construction or acquisition of major capital facilities, except those financed by special assessment, proprietary or fiduciary funds.

CIB: Acronym for capital improvement budget.

Debt Service Fund: A fund established to account for the financial resources used for the payment of long-term general obligation debt principal, interest, and related costs.

Division: An organizational subunit of a department. Each department has one or more divisions, which are responsible for one or more activities.

Encumbrances: Legal commitment of appropriated funds (in the form of purchase orders or contracts) to purchase goods or services to be delivered or performed at a future date. They cease to be encumbrances when paid or when the actual liability is created.

Enterprise Fund: A fund established to account for city operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs (expenses, including depreciation) of providing goods and services on a continuing basis be financed or recovered primarily through user charges.

ERP: Acronym for Enterprise Resource Planning, a document and information management system. The City's ERP system is Infor.

ETI: Acronym for Enterprise Technology Initiative. This is an activity in the Technology department in which spending and financing for city-wide technology improvements are budgeted.

Expenditures: Total charges incurred, whether paid or unpaid, including the provision for retirement of debt not reported as a liability of the fund from which it will be retired, and capital outlays (for governmental funds and fiduciary funds, except non-expendable trust funds).

Expenses: Charges incurred, whether paid or unpaid, for operation, maintenance, interest, and other charges which benefit the current fiscal period (for proprietary funds and non-expendable trust funds). See Expenditures.

Fiduciary Fund: A fund established to account for resources held for the benefit of parties outside the government.

Financing Plan: Identifies sources of revenues that support the spending plan.

Full Time Equivalent (FTE): A personnel position which is financed for the equivalent of 80 hours per pay period, for 26.1 pay periods (a typical year), or 2,088 hours in a year. This is roughly equivalent to 40 hours per week for 52 weeks. For example, a .5 FTE would represent 20 hours per week for 52 weeks, or 40 hours per week for 26 weeks. A 1.0 FTE is a general reference to a position normally working for a year.

Fund: Each individual fund is a separate accounting entity having its own assets, liabilities, revenues and expenditures or expenses. City financial resources are allocated to, and accounted for, in individual funds based on legal, donor, or administrative restrictions or requirements.

Fund Balance: An equity account reflecting the excess of accumulated assets over accumulated liabilities and reserves (monies set aside for specific purposes).

Fund Manager: Fund managers are accountable to and receive authority from their department director and division manager, and ultimately from the mayor, the city council, and city residents/taxpayers. Each fund manager is responsible for correctly preparing and submitting the portion of the city's financial plan that is provided by their fund. This includes a properly completed budget request consisting of performance, spending, and financing plans. Fund managers are responsible for monitoring the collection of receipts, authorizing spending payments, cash flow planning, and service delivery in accordance with the adopted plan. Fund managers are also responsible for forecasting significant performance, spending, or financing variances, determining their cause, creating a solution, and reporting such information to their department director and the

director of the office of financial services. See Performance Plan, Spending Plan, and Financing Plan.

Fund Number: A three-digit number which uniquely identifies the fund. For example, the General Fund is fund number 100, the city grants fund is 200, and the parks and recreation special projects is 260. There is no significance to the sequence of numbers. See Activity Number.

Fund Type: A classification of funds by similar purpose. The fund types are governmental (general, special revenue, debt service, capital project, special assessment), proprietary (enterprise, internal service), and fiduciary (trust and agency funds). Although the city hall annex operating fund and the public works engineering fund are separate funds, they are the same fund type (internal service). See each fund type for its definition. Also see Fund.

GIS: Acronym for geographic information system.

General Fund: The fund used to account for all financial resources not specifically earmarked for other purposes. The General Fund is the primary operating fund for the City of Saint Paul.

Governmental Funds: All funds other than fiduciary and proprietary funds. Includes the general fund, special revenue funds, capital projects funds, debt service funds and special assessment funds. The measurement focus is on spending or financial flow rather than on net income. See Fiduciary Funds and Proprietary Funds.

Internal Service Fund: A fund established to account for the financing of goods or services provided by one city department to other city departments, divisions, or funds on a cost reimbursement basis.

LGA: Acronym for local government aid. See State Aids.

MSA: Acronym for municipal state aids. See State Aids.

Operating Budget: The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of a government are controlled.

Operating Transfer In/Out: Interfund transfers are legally authorized transfers between a fund receiving revenue and a fund where resources are expended.

PED: Acronym for the planning and economic development department.

Permanent Fund: A fund established to account for the custody and administration of assets held in a trust capacity. The assets held in a trust fund must be spent or invested in accordance with the conditions of the trust. Expendable trust funds are similar to governmental funds in that the measurement focus is on spending or financial flow rather than on net income. Non-expendable trust funds are similar to proprietary funds, with the measurement focus on determination of net income. See Agency Fund and Fiduciary Fund.

Proprietary Funds: Any fund which attempts to determine net income. Measurement focus is on cost of services similar to private sector for-profit organizations. This category includes enterprise and internal service funds.

Recoverable Expenditure: An expenditure made for, or on behalf of, another governmental unit, fund, or department, private individual, firm, or corporation which will, subsequently, be recovered in cash or its equivalent.

Retained Earnings: An equity account reflecting the accumulated earnings of an enterprise or internal service fund which are not reserved for any specific purpose.

Special Assessment: Charges which the local government collects from property owners to pay for specific services or capital improvement projects such as streets, sewers, etc., which benefit a particular piece of real estate.

Special Fund: A fund established to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, and capital projects) that are legally restricted to expenditures for specified functions or activities.

Spending Plan: Provides a unit or subunit of an organization with spending authority to pay for the resources required to effectively accomplish the performance plan.

STAR: Acronym for sales tax revitalization program.

State Aids: The following are the major types of intergovernmental revenues received by the City of Saint Paul from the State of Minnesota:

Local Government Aid (LGA): Begun in 1971, this program was designed to provide indirect property tax relief through the redistribution of income tax and sales tax revenues collected at the state level to local units of government. The amount of funding received by local units of government is based on a distribution formula determined by the Minnesota State Legislature. The distribution formula is based on "need" as well as "capacity". The 2001 State Legislature rolled the Homestead and Agricultural Credit Aid into Local Government Aid.

Municipal State Aids (MSA). This program is financed by motor vehicle related taxes collected at the state level. The state gasoline tax is the largest revenue source and the dollars collected are constitutionally dedicated for expenses related to MSA routes. The revenues are redistributed back to municipalities of 5,000 or more residents to be used for construction and maintenance of their MSA designated routes.

Tax Increment Financing (TIF) District: A TIF district is a designated geographical area where a city is undertaking redevelopment or development activity. Any increase in assessed valuation due to new development activity is captured by the district. Property taxes levied against those captured values are used to finance the public improvement costs incurred to induce the private development activity. Public improvement costs can be financed by issuing bonds or by a pay-as-you-go plan.