2027 Mayor's Proposed Budget

Presentation to City Council Budget Committee:
August 19, 2026

Agenda

- 2027 Proposed Budget Summary
  - Gap and Solve
  - Spending
  - Revenue
- General Fund changes by Department
- Impact on Median Value Home

Budget Team

- Madeline Mitchell – Budget Manager
- Mary Guerra – Lead Budget Analyst
- Bryan George – Senior Budget Analyst
- Shannon Forney – Senior Budget Analyst
- Nichelle Bottko Woods – Senior Budget Analyst
- Emma Sjostrom-Avise – Budget Analyst

Budget Summary

6.8%
Levy Increase

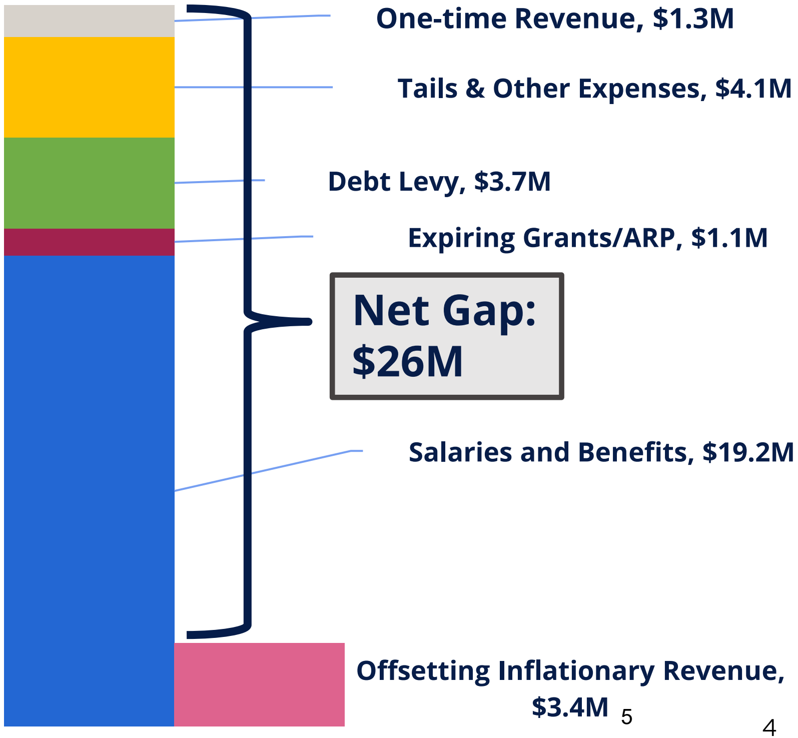
3,197
FTEs

$888M
Total Budget

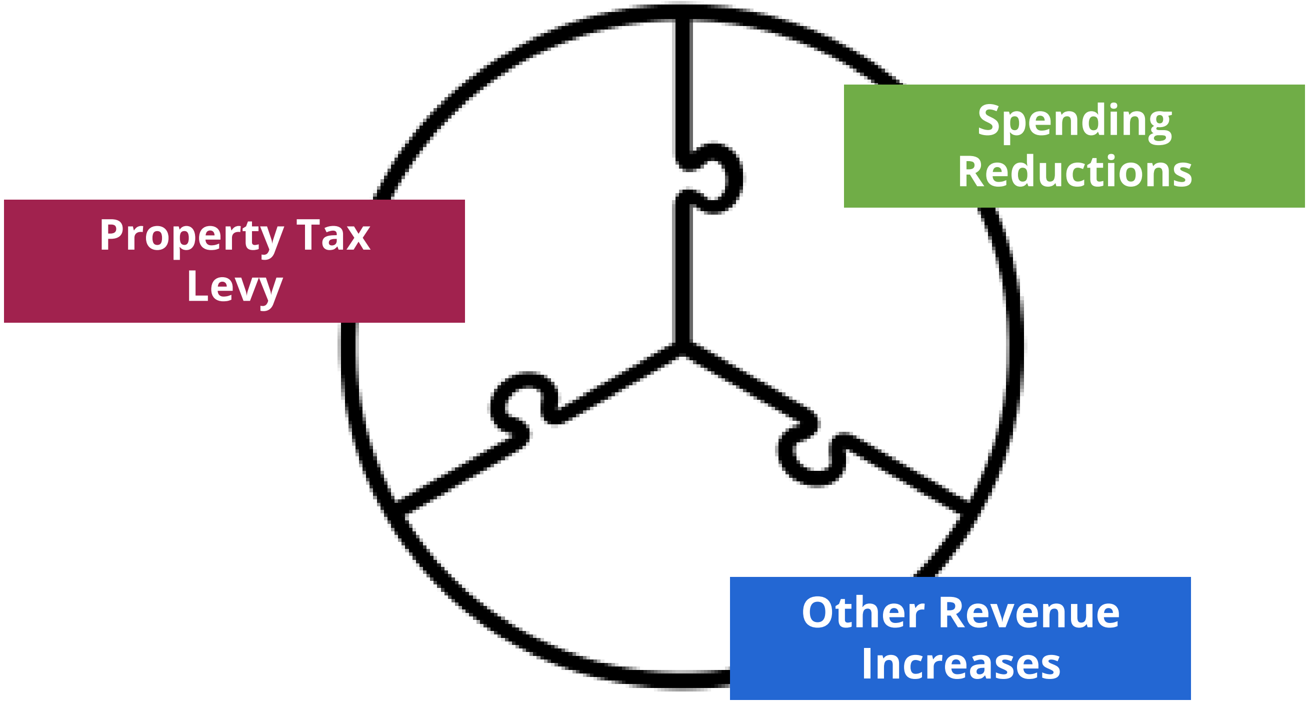
1. Promote long-term fiscal sustainability
2. Strengthen community safety
3. Support a thriving business environment
4. Respond effectively to resident needs

2027 Budget Environment

- Approximately 74% of budget gap is inflationary employee expenses
    - Labor contracts
    - Health costs
- Expiring one-time funds:
    - $533K ARP
    - $592K COPS grant
- Debt levy
    - $1.5M standard obligations
    - $2.2M judgment bond



Balancing the Budget



Balancing the Budget

Starting Budget Gap	**$26 M**
Property tax levy increase	- $14.3 M
Other revenue growth	- $9.0 M
Other department budget solutions (net spending/revenue)	- $2.7 M
Ending Budget Gap	**$0**

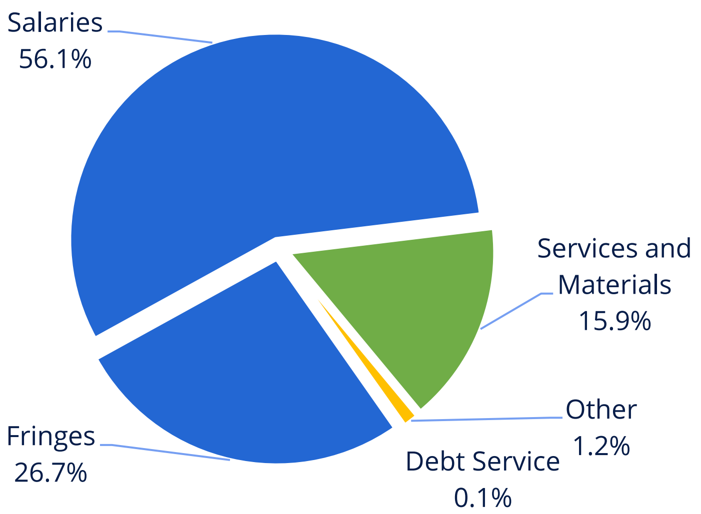
2027 vs 2026 City and Library Budget

	2026 Adopted	2027 Proposed	Change from 2026 Adopted	% Change from 2026 Adopted
General Fund	417,174,983	438,153,722	20,978,739	5.0%
Special Funds	411,686,835	394,510,390	-17,176,445	-4.2%
Debt Fund	54,278,407	55,095,900	817,493	1.5%
	883,140,225	**887,760,012**	**4,619,787**	**0.5%**

Total budget net of internal transfers and budgets for subsequent year debt payments.

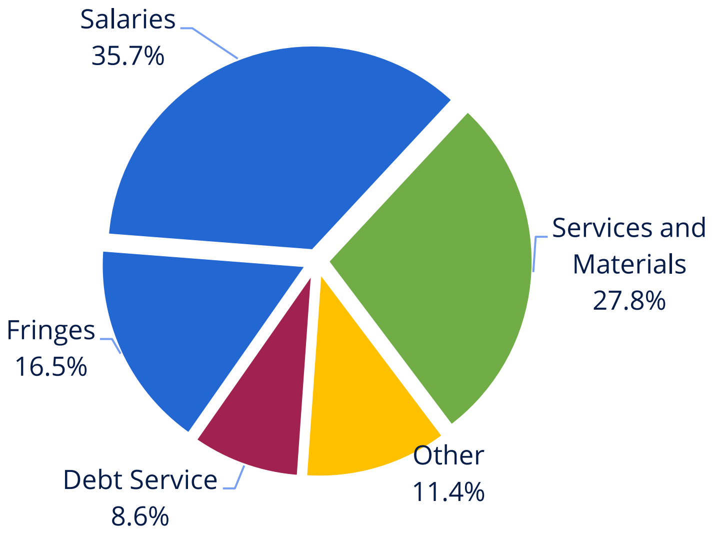
City and Library Spending by Category

General Fund



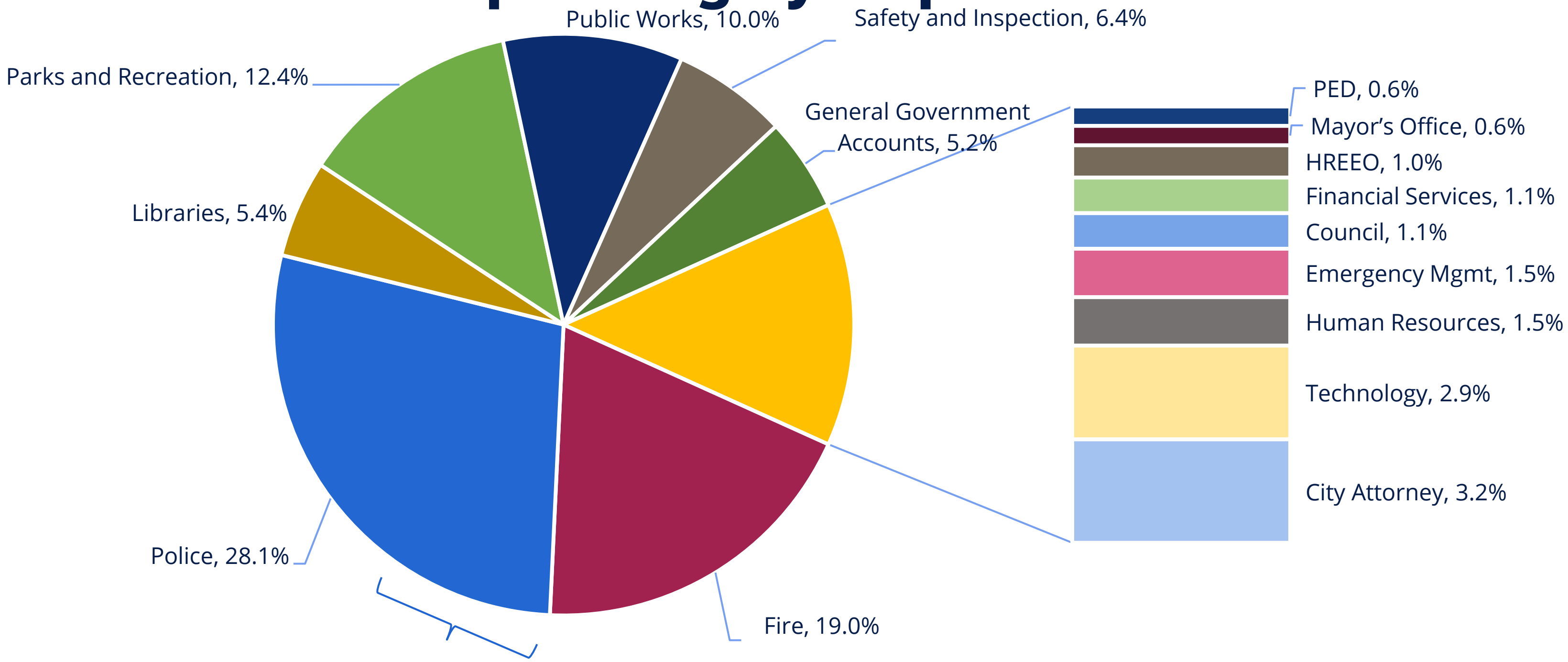
83% Employee Expenses

All Funds



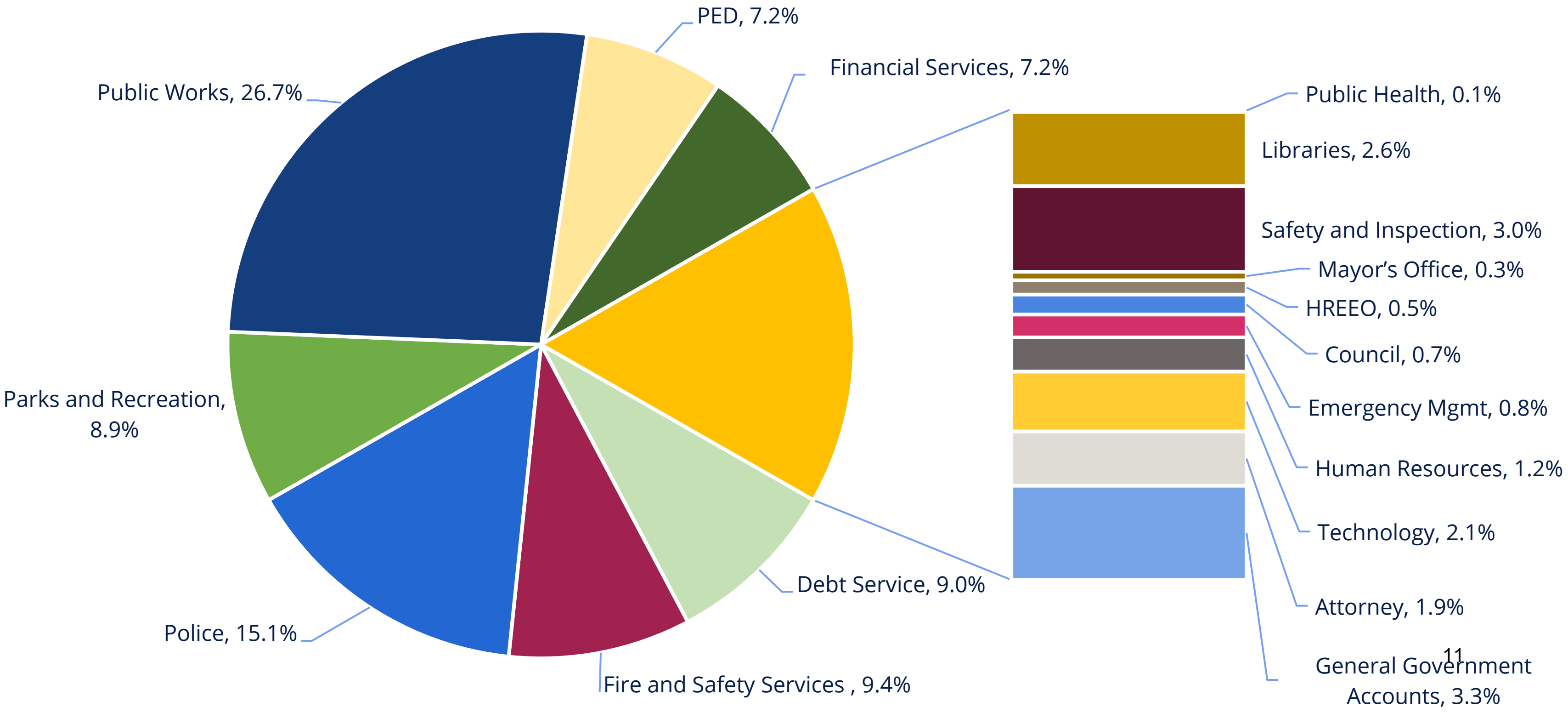
52% Employee Expenses

General Fund Spending by Department



47.1% Emergency Response

All Funds Spending by Department



2027 vs 2026 Full Time Equivalents (FTEs)

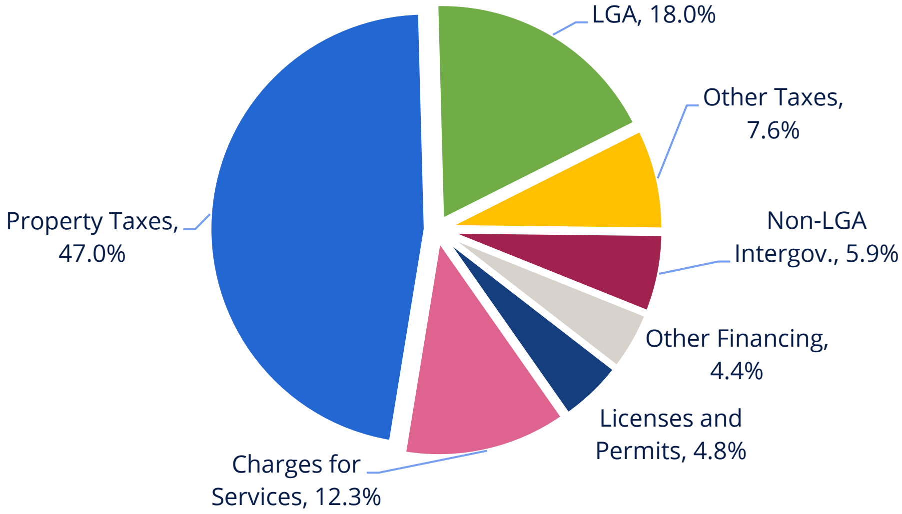
	2026 Adopted	2027 Proposed	Change from 2026 Adopted	% Change from 2026 Adopted
City (All Funds)	3,013.7	3,012.2	- 1.5	- 0.05%
Library Agency	185.4	185.3	- 0.1	-0.05%
	3,199.1	**3,197.5**	**- 1.6**	**-0.05%**

2027 General Fund FTE Changes

Department	Additions	Reductions	Shifts to/from Special Funds	Total Change
CAO/ONS	3.00	- 1.00	0.50	**2.50**
DSI	3.00	- 3.50	-	**- 0.50**
Financial Services	-	-	0.70	**0.70**
Fire	-	- 5.00	3.00	**- 2.00**
HR	3.00	- 2.00	- 4.25	**- 3.25**
HREEO	-	- 2.00	0.52	**- 1.48**
Library	-	- 1.30	4.0	**2.70**
Mayor's Office	1.00	-	-	**1.00**
Parks	-	- 2.69	18.55	**15.86**
Police	9.00	- 13.00	4.00	**-**
Public Works	-	- 0.10	2.00	**1.90**
Technology	3.00	- 2.00	3.00	**4.00**
	22.00	**- 32.59**	**32.02**	**Total: 21.43** **Exc. shifts: -10.59**

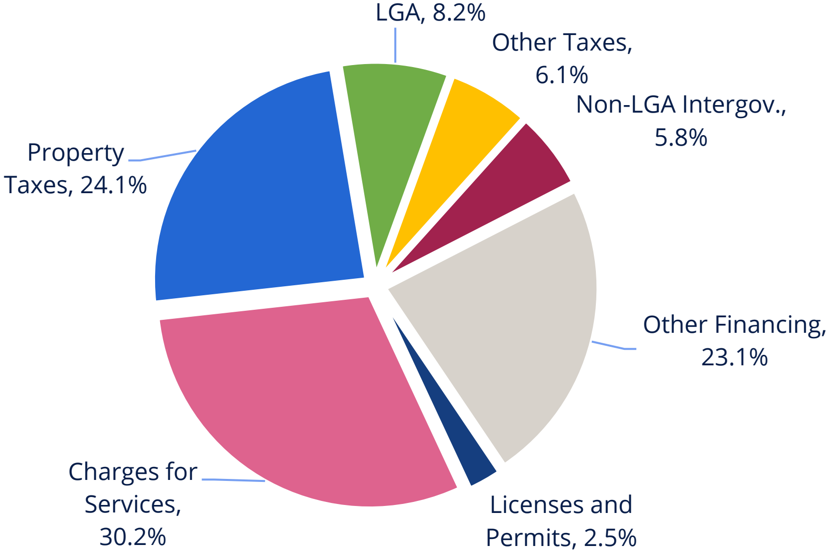
City and Library Revenue Sources

General Fund



65% Property Taxes and LGA

All Funds



32.3% Property Taxes and LGA

Property Tax Levy Distribution

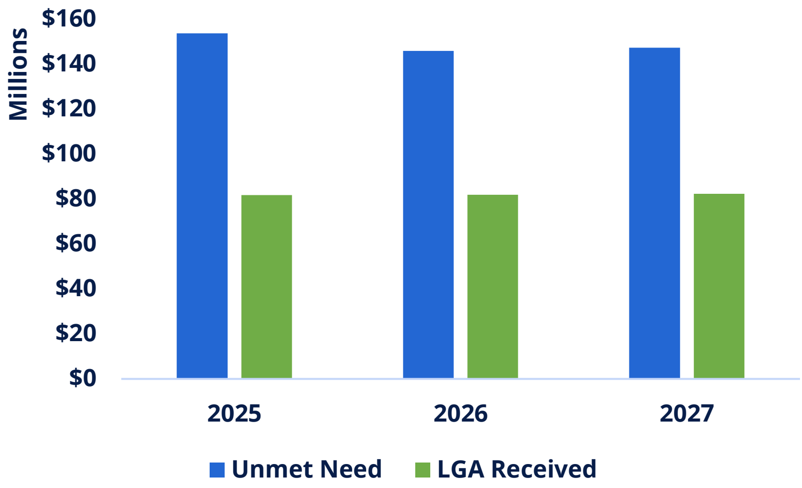
	2026 Adopted	2027 Proposed	Change from 2026	% Change from 2026
City of Saint Paul				
General Fund	179,934,328	190,511,446	10,577,118	5.9%
Debt Service	26,240,681	30,007,263	3,766,582	14.4%
Public Library Agency	23,174,421	24,571,047	1,396,626	6.0%
Total (City and Library)	**229,349,430**	**245,089,756**	**15,740,326**	**6.9%**
Port Authority	3,151,700	3,226,700	75,000	2.4%
	232,501,130	**248,316,456**	**15,815,326**	**6.8%**

2.1%

Market Value Growth

Local Government Aid

- $351,604 increase in 2027 (0.4%)
- Highest allocation since 2002
- Saint Paul continues to have both the largest unmet need and largest gap between unmet need and LGA received



$$\underbrace{\text{Need per capita} \times \text{Population}}_{\text{What we need}} - \underbrace{\text{Tax capacity} \times \text{Statewide Average City Tax Rate}}_{\text{What we can afford}} = \text{Unmet need}$$

Other General Fund Revenues

Change in non-levy, non-LGA General Fund revenues from 2026 Adopted: **$12.88M**

- **Paramedic and Other Fire-Related Fees: $4.46M** reflects higher inflationary paramedic fee revenue and new fees for some services
- **Pension Aids: $1.8M** reflects favorable trends in state allocations for Fire and Police pension aids
- **Franchise Fees: $2.6M** reflects higher gas and electric projections and a reduction in anticipated cable franchise revenue
- **Public Works: $880K** reflects additional MSA revenue and an update to a maintenance agreement with Ramsey County
- **Interest Earnings: $500K** reflects stronger investment returns due to higher interest rate environment
- **Department Adjustments: $2.64M** reflects miscellaneous net adjustments across City operations

2027 Proposed General Fund: City Attorney

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$13,582,282**	**$135,886**	**75.15**	
Base budget adjustments	$737,188	- $43,416	-	Inflationary increases including contractual salary and benefit growth and updated revenue projections
Reductions towards target	- $294,049	-	- 1.0	Eliminate Paralegal I, underfill Senior Attorney, reduce court costs and general prof services
Additions – CAO	$556,054	-	3.0	Add 2 Data Practice Specialists, 1 Civil Division Attorney, eDiscovery software, VPN licenses, digital evidence and case collaboration software
Additions - ONS	$101,406	-	0.5	Shift Familiar Faces Program Administrator from grant expiring mid-year
2027 Proposed Budget	**$14,682,881**	**$92,470**	**77.65**	

4% Reduction Target: $463,000
Counted towards target: $294,049

2027 Proposed General Fund: City Council

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$4,850,600**	**$459,806**	**31.5**	
Base budget adjustments	$379,004	$2,724	-	Inflationary increases including contractual salary and benefit growth, updated revenue projections
Reallocations	- $50,000	- $50,000	-	Shift HRA Audit Committee funding from General Fund to Council Special Projects Fund
2027 Proposed Budget	**$5,179,604**	**$412,530**	**31.50**	

2027 Proposed General Fund: DSI

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$25,947,629**	**$22,197,135**	**161.0**	
Base budget adjustments	$2,395,035	$300,000	3.0	Inflationary increases including contractual salary and benefit growth, updated revenue projections, tenant protections staff
Reductions towards target	- $454,162	-	- 3.5	Reduce tenant protections budget and staffing through non-backfilling of retirements or separations, eliminate vacant DSI Inspector I and 0.5 CSR, convert vacancy to lower title
Realignment	$1,094,307	$1,073,145	-	Increase spending and revenue to more accurately reflect summary abatement work
2027 Proposed Budget	**$28,982,809**	**$23,570,280**	**160.5**	

4% Reduction Target: $1,038,000
Counted towards target: $454,162

2027 Proposed General Fund: Emergency Management

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$6,785,117**	**-**	**8.0**	
Base budget adjustments	$329,890	-	-	Inflationary increases including contractual salary and benefit growth, utilities and supplies adjustments, and updated dispatch service charges
Reductions towards target	- $40,000	-	-	Siren maintenance reduction, shift of services and travel and training budget to grant fund
Additions	-	-	-	
Reallocations	-	-	-	
2027 Proposed Budget	**$7,075,007**	**-**	**8.0**	

4% Reduction Target: $50,000
Counted towards target: $40,000

2027 Proposed General Fund: Financial Services

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$5,120,477**	**$572,089**	**30.8**	
Base budget adjustments	$325,795	$47,874	-	Inflationary increases including contractual salary and benefit growth, removal of one-time items, updated revenue projections
Reductions towards target	- $205,000	-	- 0.3	Misc. non-personnel reductions, shift portion of Fleet Manager to Fleet Services Fund
Additions	$164,796	-	1.0	Payroll Accountant (moving from Fund 211 – Former ARP-supported projects)
Reallocations	- $155,000	-	-	Shift events and festivals funding to SPPD
2027 Proposed Budget	**$5,251,068**	**$619,963**	**31.5**	

4% Reduction Target: $205,000
Counted towards target: $205,000

2027 Proposed General Fund: Fire

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$83,437,556**	**$22,147,730**	**502.0**	
Base budget adjustments	$3,893,010	$2,308,270	-	Inflationary increases including contractual salary and benefit growth, utilities and supplies adjustments, removal of one-time items, and updated revenue projections
Reductions towards target	- $878,605	-	- 5.00	Elimination of CARES unit, reduction of 2 Deputy Chief positions to Captain, eliminate one Service Worker position
Revenue towards target	-	$1,566,406	-	New Interfacility transports, mileage increases, non-emergent transport fees, non-resident surcharges, non-transport accident charges, 12% increase for EMS, training prop rental
Reallocations	- $5,033	-	3.0	Shift staff from expiring Public Safety Aid, add vehicle repair costs, 2 EMS Academies, extrication equipment offset by $1.5M attrition adjustment
2027 Proposed Budget	**$86,446,928**	**$26,022,406**	**500.00**	

4% Reduction Target: $3,380,000
Counted towards target: $2,445,011

2027 Proposed General Fund: Fire

Reductions:

- **- $719,657** – Eliminate CARES Division
  - 3 Emergency Medical Technicians, 1 Deputy Fire Chief
  - Achieved through attrition, all existing staff reassigned
- **- $105,698** – Reduce two Deputy Chiefs to Fire Captains
- **- $53,250** – Eliminate Service Worker position after Q1

Reallocations:

- **$594,967** – Return EMS Chief positions to General Fund from expiring Public Safety Aid
- **$500,000** – Additional vehicle parts and repair
- **$300,000** – Two EMS academies
- **$100,000** – Extrication equipment (year 1 of 4)
- **- $1,500,000** – Attrition

2027 Proposed General Fund: Human Resources

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$6,824,148**	**-**	**47.0**	
Base budget adjustments	$405,395	-	-	Inflationary increases including contractual salary and benefit growth
Reductions towards target (inc. reorganization)	- $273,000	-	- 1.0	Eliminate HR Manager and MA III, vacant position adjustments, promotion of HR manager, addition of HR Consultant II, misc. non-personnel reductions
Additions	$258,023	-	2.0	HR Liaison Coordinator and Workers' Compensation Analyst
Reallocations	- $551,278	-	- 4.25	Shift benefits staff to benefits administration special fund funded by healthcare fee
2027 Proposed Budget	**$6,663,288**	**-**	**43.75**	

4% Reduction Target: $273,000
Counted towards target: $273,000

2027 Proposed General Fund: HREEO

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$4,495,697**	**$601,640**	**31.48**	
Base budget adjustments	$272,135	-	-	Inflationary increases including contractual salary and benefit growth, removal of one-time items
Reductions towards target	- $220,274	-	- 2.00	Elimination of vacant Compliance Coordinator and vacant Labor Standards Investigator I
Additions	104,187	-	0.52	Shift HR Investigator (0.52 FTE) from expiring HUD funding, add $27K to PCIARC stipend
Reallocations	-	-	-	
2027 Proposed Budget	**$4,651,745**	**$601,640**	**30.00**	

4% Reduction Target: $273,000
Counted towards target: $220,274

2027 Proposed General Fund: Library

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$23,454,844**	**$23,454,844**	**178.6**	
Base budget adjustments	$992,309	$1,143,693	-	Inflationary increases including contractual salary and benefit growth, removal of one-time funding for library materials, property tax levy
Reductions towards target	- $302,413	-	- 1.3	Closure of Dayton's Bluff library, shift materials to Library Special Projects Fund 275, attrition adjustment
Additions	$453,797	-	4.0	Add Library Safety Specialists (3 ongoing, 1 one-time), visit counters to improve usage data
2027 Proposed Budget	**$24,598,537**	**$24,598,537**	**181.3**	

4% Reduction Target: $938,000
Counted towards target: $302,413

2027 Proposed General Fund: Library

Reductions:

- **- $270,148** – Closure of Dayton's Bluff Library
    - Terminate lease for library space with Metro State - $131,700
    - Decrease technology and materials budgets - $40,000
    - 1.3 FTE Library Customer Service Assistant I eliminated through attrition, remaining existing staff reassigned to other library locations - $98,448
- **- $19,000** – Shift library materials cost to Library Special Projects Fund 275
- **- $13,265** – Attrition adjustment

Additions:

- **$428,797** – Library Safety Strategy
    - 3.0 FTE Library Safety Specialists added ongoing, 1.0 FTE with one-time general fund dollars
    - 2.0 FTE funded in Fund 211 in 2027, 1.0 FTE funded by a grant through 2028
    - Naturally occurring vacancies in 2027 will be held open and safety specialists on expiring funds will shift to these FTEs beginning in 2028
- **$25,000** – Visitor counters added to all libraries to provide better usage data (currently reliant on circulation data)

2027 Proposed General Fund: Mayor’s Office

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$2,425,294**	**$70,991**	**13.0**	
Base budget adjustments	$144,285	-	-	Inflationary increases including contractual salary and benefit growth
Reductions towards target	- $97,000	-	-	Reduction in Mayor salary ($19K), leadership COLAs ($22K), lobbying contracts ($56K)
Additions	$112,587	-	1.0	Add Assistant to the Mayor I to expand capacity
2027 Proposed Budget	**$2,585,166**	**$70,991**	**14.0**	

4% Reduction Target: $97,000
Counted towards target: $97,000

2027 Proposed General Fund: Parks

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$52,748,877**	**$2,379,250**	**403.91**	
Base budget adjustments	$2,896,137	-	11.25	Inflationary increases including contractual salary and benefit growth, utilities increase, and return of lifeguards from ARP funding
Reductions towards target	- $188,068	-	- 2.69	Reduce indoor programming at Highwood, eliminate AM hours at Edgcumbe, reduce AM hours at non-hubs, close non-hubs on holidays
Additions	$1,012,176	-	7.3	Sustainable funding for Right Track and Sprockets programs, one-time funding for safety technology
2027 Proposed Budget	**$56,469,122**	**$2,379,250**	**419.77**	

4% Reduction Target: $2,110,000
Counted towards target: $188,068

2027 Proposed General Fund: Parks

Reductions:

- **- $75,000** – Reduction of indoor programming at Highwood Hills Rec Center
  - Reduction of $100K for lease, offset by investment of $25K to rent space for indoor programming on ad-hoc basis
- **- $50,956** – Elimination of morning hours at Edgcumbe Rec Center
- **- $40,501** – Reduction of morning hours at non-hub rec centers
- **- $21,611** – Close non-hub rec centers on holidays

Additions:

- **$211,486** – Parks Safety Technology
  - One-time funding to implement recommendations from audit
- **$558,089** – Maintain Right Track program by moving costs to General Fund upon expiration of Fund 211 dollars
- **$242,601 –** Maintain Sprockets program by moving costs to General Fund upon expiration of grant funding

2027 Proposed General Fund: PED

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$870,537**	**$145,422**	**-**	
Base budget adjustments	-	- $145,422	-	Remove one-time transfer from PED Administration fund balance
Reductions towards target	- $35,000	-	-	Misc. non-personnel reductions in PED Admin Fund, via reduction in administrative fee
Reallocations	$1,700,927	78,146	-	Shift district council budget to PED from General Government Account
2027 Proposed Budget	**$2,536,464**	**$78,146**	**-**	

4% Reduction Target: $35,000
Counted towards target: $35,000

2027 Proposed General Fund: Police

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$122,547,985**	**$3,082,519**	**701.4**	
Base budget adjustments	$6,962,234	- $204,729	4.0	Inflationary increases including contractual salary and benefit growth, planned shift of the last 4 FTEs from COPS grant, utilities and supplies adjustments, and updated revenue projections
Reductions towards target	- $2,693,577	-	- 13.0	Reduction of 4 Commanders, 7 Sergeants, 1 vacant Crime Prevention Coord, and 1 Physical Fitness Coordinator
Reallocations	$184,924	-	9.0	1.5 Police Academy offset by attrition adjustment, shift $155k events and festivals funding from OFS
Additions	$740,000	-	-	Update to reflect actual vehicle and CCTV costs
Realignment	$600,000	$600,000	-	Increase spending and revenue to more accurately reflect special event overtime work
2027 Proposed Budget	**$128,341,566**	**$3,477,790**	**701.4**	

4% Reduction Target: $4,901,000
Counted towards target: $2,693,577

2027 Proposed General Fund: Police

Reductions:
- **- $971,032** – Eliminate 4 Commander positions
- **- $1,436,911** – Eliminate 7 Sergeant positions
- **- $112,677** – Eliminate vacant Crime Prevention Coordinator
- **- $172,957** – Eliminate Physical Fitness Coordinator

Reallocations:
- **$2,032,600** – Police academies
  - $1,241,205 – Police trainees (9 FTE, 29 headcount)
  - $710,686 – Equipment and uniforms
  - $80,709 – Examinations
- **- $2,002,676** – Attrition

- **$155,000** – Shift events and festivals funding from OFS to SPPD

Additions:
- **$492,000 –** Existing vehicle repair and fuel costs
- **$248,000 –** Existing CCTV costs

2027 Proposed General Fund: Public Works

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$45,109,440**	**$19,013,076**	**163.89**	
Base budget adjustments	$977,619	-	- 0.10	Inflationary increases including contractual salary and benefit growth, positional realignments, and reversal of one-time items from 2026 budget
One-time reversal	$318,635	-	-	Restoration of one-time cut to mill and overlay
Reductions towards target	- $800,000	-	-	Eliminate Alley Program ($300k), reduce sidewalk support ($500k)
Reallocations	$220,946	-	2.00	Move 2 utility location positions from Right of Way Maintenance Fund 230 (Gopher State One Call)
Revenue	-	$882,081	-	One-time increase in MSA funding ($600k), updated agreement with Ramsey County ($282,081)
2027 Proposed Budget	**$45,826,640**	**$19,895,157**	**165.79**	

4% Reduction Target: $1,804,000
Counted towards target: $1,682,081

2027 Proposed General Fund: Technology

	Spending	Revenue	FTE	Description
2026 Adopted Budget (starting point)	**$12,184,096**	**$1,316,900**	**71.0**	
Base budget adjustments	$945,158	- $100,000	3.0	Inflationary contractual salary and benefit growth, updated revenue projections, and mid-year addition of 3 Enterprise Governance FTE
Reductions towards target	- $457,000	-	- 2.0	Eliminate vacant Deputy Director, vacant Management Assistant I, reduce support for website, and other non-personnel items
Reallocations	$449,181	$449,181	3.0	Move GIS positions from Public Works to OTC
Additions	$100,000	-	-	One-time funding to implement recommendations from cyber incident After Action Review
2027 Proposed Budget	**$13,221,435**	**$1,666,081**	**75.0**	

4% Reduction Target: $487,000
Counted towards target: $457,000

2027 Proposed Special Fund Changes

Former ARP-supported Projects in Fund 211

- All projects removed in base budget per original 2026 sunset plan
- Mayor authorized departments allowed to carryforward unspent funds into 2027
- Unspent funds in Electronic Payments project ($250K) and Library Optimal Response ($50K) repurposed for Public Works EAMS project to improve revenue collection systems

Department	Project	2027 Amount	FTE
CAO	Criminal Backlog	$93,026	1.0
CAO	Immigrant and Refugee	$300,000	-
City Council	Office Modernization	$1,637,155	-
Library	Library Optimal Response	$204,900	2.0
ONS	Outreach Staffing	$366,605	3.0
PED	Healthy Homes (repurposed 30% AMI Admin)	$200,000	-
Public Works	Enterprise Asset Management System	$300,000	-

2027 Proposed Special Fund Changes

Local Affordable Housing Aid (LAHA) Fund 284 (PED)
Reflects anticipated 2027 annual allocation only:

- $2M – Downpayment Assistance
- $1M – Emergency Rental Assistance
- $1.5M – Small Scale Development/Gap Subsidies
- $1.5M – other affordable housing programming

Technology (OTC/HR)

- $812K – Payroll system implementation (Innovation Technology Fund 710)
- $562K – Benefits system implementation (Benefits Administration Fund 211)
- $120K – Virtual CISO (Innovation Technology Fund 710)

Deferred Maintenance Fund 710 (OFS)

- Funded with property tax levy, coordinated through OFS:
- $1.1M to address backlog of facility repairs:
    - $268K for 2 FTE to manage implementation, program management
    - $871K for building improvements and repairs

2027 Proposed Special Fund Changes

Police Impound Lot Fund 623

Impound lot fees have been unchanged since 2011. To help restore the fund's financial health:

- $250K – Increase administrative fee from $80 to $120
- $230K – Increase storage fee from $15 to $25

Climate Initiatives Fund 211

Funded by gas and electric franchise fees, coordinated through OFS:

- $195K – Climate Director position (OFS)
- $140K – Climate Infrastructure and Response Fund
- $140K – Evie and EV Spot Network (Public Works)
- $25K – Subscriptions and memberships

Funded by Housing Trust Fund:

- $500K – Healthy Homes

Taxes and Fees on a Typical Home

Typical home valued at $289,200 in 2026 and an estimated $290,300 in 2027

	2026	Estimated 2027	Change
City Share of Property Tax	$1,451	$1,509	$58
Sanitary Sewer Charges (9.95% volume fee increase)	$412	$453	$41
Storm Sewer Charges (9.95% increase)	$150	$165	$15
Recycling Fee (5% increase)	$173	$181	$8
Residential Waste Collection (3.5% increase)	$142	$159	$17
Subtotal: Direct Billing for City services	**$2,328**	**$2,467**	**$139**
Water Charges (SPRWS)	$461	$496	$35
Grand Total: All City Services	**$2,789**	**$2,963**	**$174**

Alignment with Council Priorities

- “Maintaining LAHA investments”: **maintained**
- “Commercial vitality and strategic economic growth”: **Business Services team**
- “Climate resilience and sustainable infrastructure”: **$1M**
- “Strategies to manage and reduce overtime pressures”: **Police academies ($2M) and EMS ($300K) academies, maintain Fire F-shift**
- “Maintaining or expanding library safety specialists”: **maintained (3 FTE ongoing and 1 FTE one-time in General Fund, 1 FTE grant-funded)**
- “Mill and overlay funding”: **restored one-time reduction of $318K**
- “Increased investment in Right Track”: **maintained in General Fund as ARP funding expired**
- “Increasing funding for deferred maintenance”: **$1.1M**

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