2026 Mayor's Proposed Budget

Presentation to City Council Organizational Committee: September 10, 2025

Agenda

- 2026 Proposed Budget Summary
  - Gap and Solve
  - Spending
  - Revenue
- 2026 Proposed Budget Highlights
- 2025 - 2027 Capital Improvement Budget
- 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 – Budget Analyst

Budget Summary

5.3%
Levy Increase

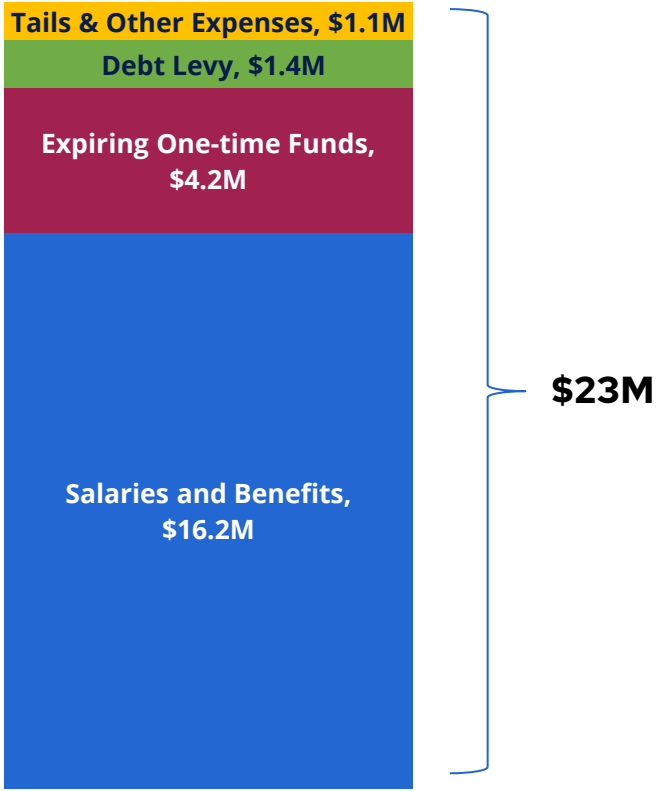
3,182
FTEs

$887M
Total Budget

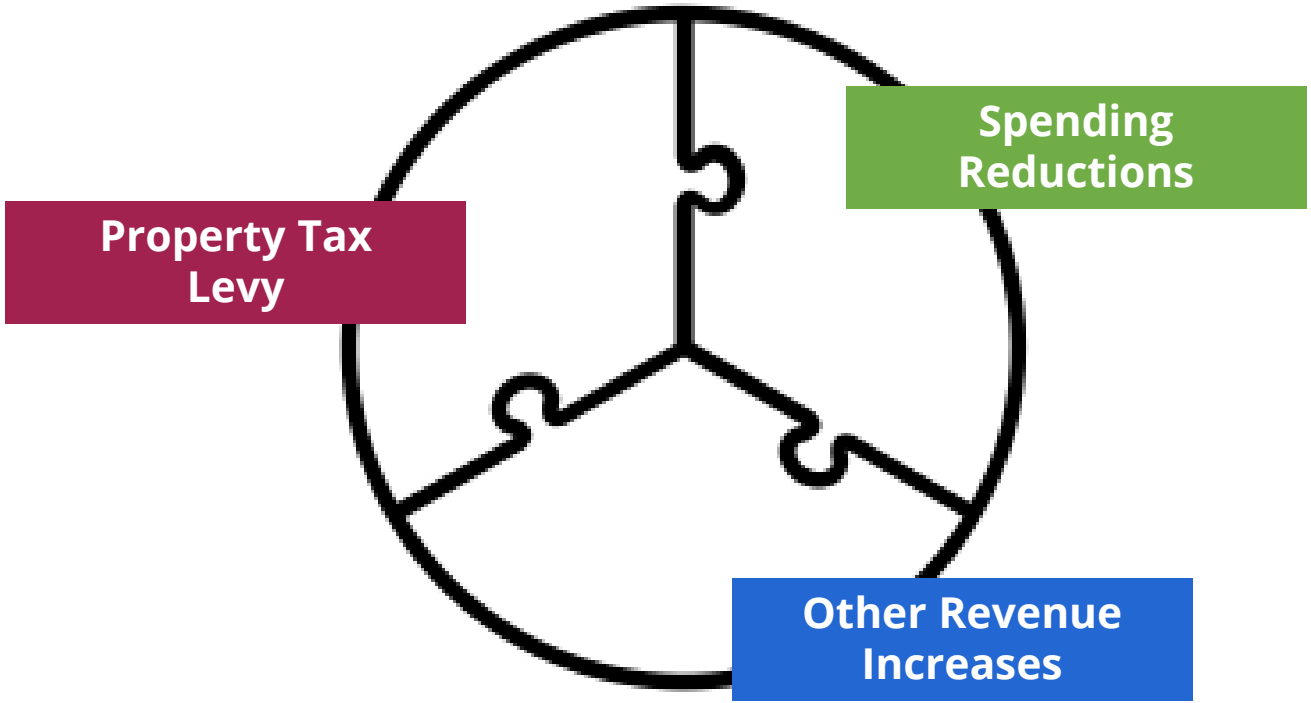
1. Housing and Economic Opportunity
2. Modernizing City Services
3. Community Well-being

2026 Budget Environment

- Approximately 80% of budget gap is employee expenses, including $1 million for new Paid Leave Program
- Expiring one-time funds:
  - $1.9M ARP
  - $1.5M COPS grant
  - $800K Port EAB
- External risks and volatility
- Property values



Balancing the Budget



Balancing the Budget

Starting Budget Gap	$ 23M
5.3% increase in property tax levy	- $ 11.5M
Inflationary revenue growth	- $ 4.1M
Removal of vacancies	- $ 2.9M
Other department budget solutions	- $ 5.4M
New spending • $0.2M Data practices team • $0.5M Technology/cybersecurity • $0.2M District Council support	+ $ 0.9M
Ending Budget Gap	**$0**

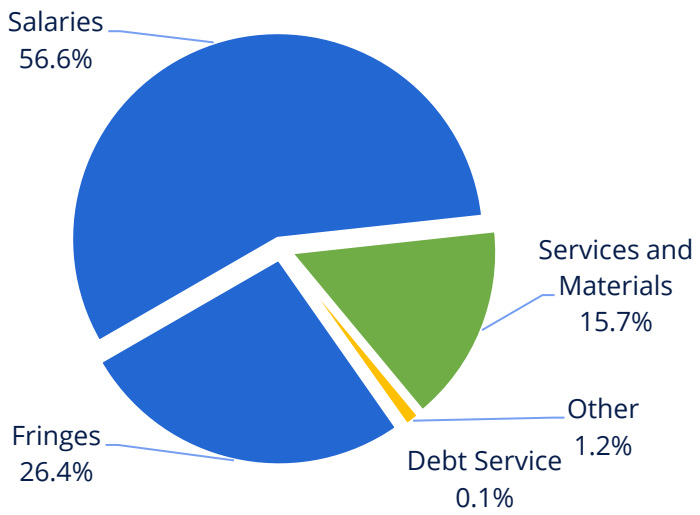
2026 vs 2025 City and Library Budget

	2025 Adopted	2026 Proposed	Change from 2025 Adopted	% Change from 2025 Adopted
General Fund	397,027,755	414,393,831	17,366,076	4.4%
Special Funds	450,037,702	418,246,917	-31,790,785	-7.1%
Debt Fund	50,000,743	54,278,407	4,277,664	8.6%
	897,066,200	**886,919,155**	**-10,147,045**	**-1.1%**

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

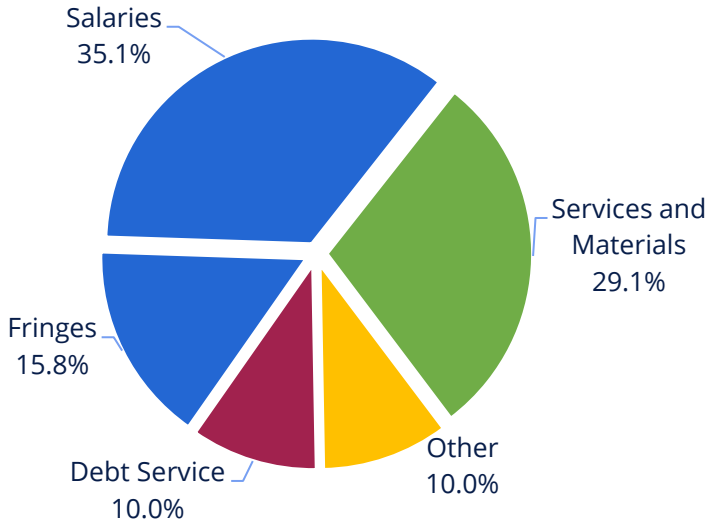
City and Library Spending by Category

General Fund



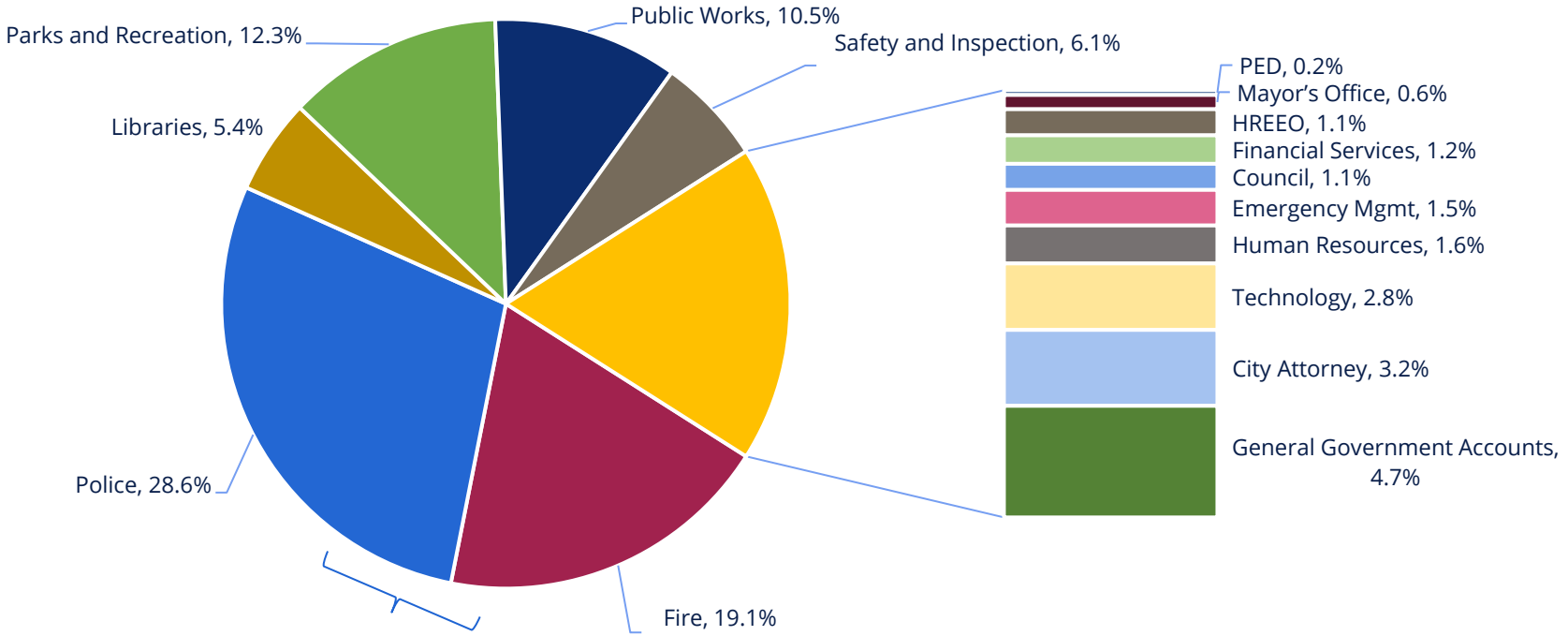
83% Employee Expenses

All Funds



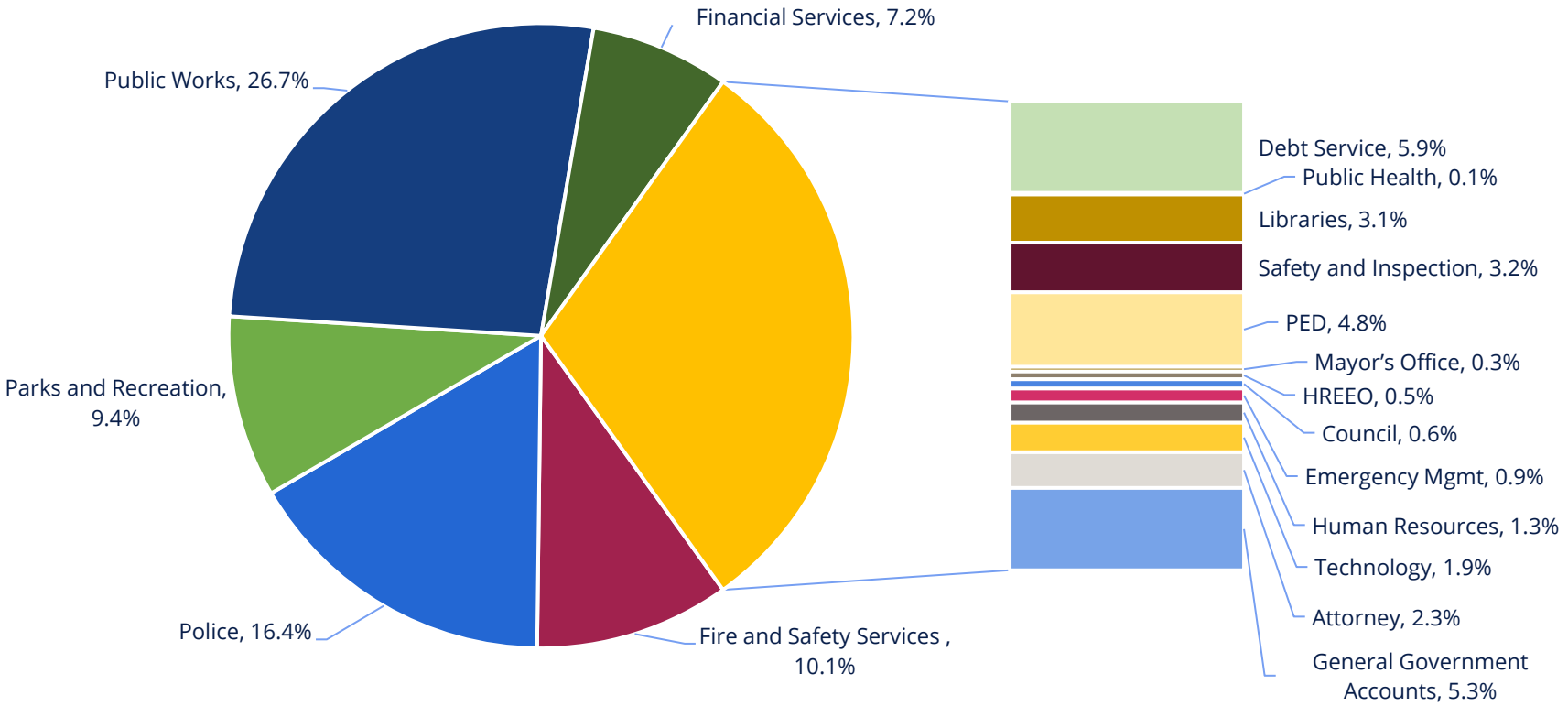
51% Employee Expenses

General Fund Spending by Department



47.7% Emergency Response

All Funds Spending by Department



2026 vs 2025 Full Time Equivalents (FTEs)

	2025 Adopted	2026 Proposed	Change from 2025 Adopted	% Change from 2025 Adopted
City (All Funds)	3,039.1	2,997.1	-41.9*	-1.4%
Library Agency	179.1	184.6	5.5	3.1%
	3,218.2	**3,181.7**	**-36.4**	**-1.1%**

*42.73 vacant FTEs were removed as part of the 2026 budget solution

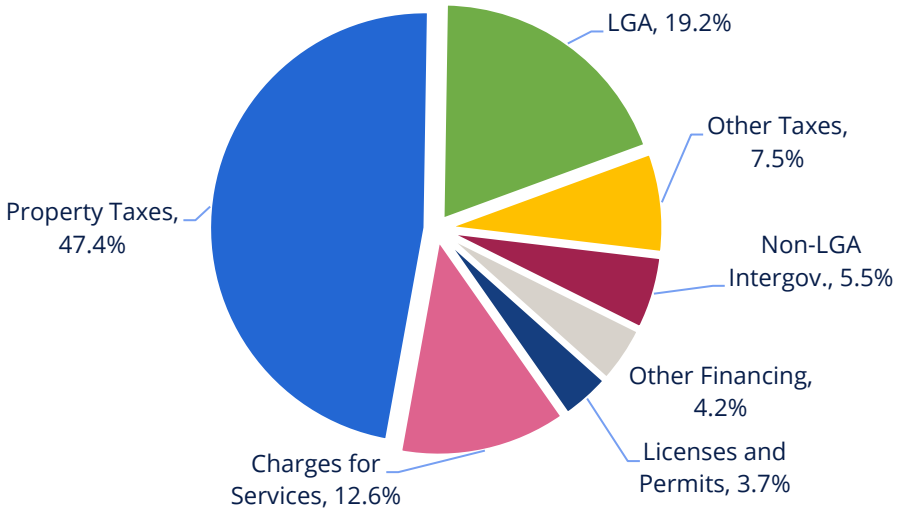
Vacancy Reductions by Department

Department	FTE	% of 2025 Adopted FTE
City Attorney's Office	-0.50	0.5%
Fire	-10.00	1.9%
HREEO	-1.10	3.3%
Library	-1.30	0.7%
Mayor's Office	-1.00	7.1%
Office of Financial Services	-2.00	2.1%
Office of Technology and Communications	-1.00	1.4%
Parks	-4.40	0.7%
PED	-1.00	1.1%
Police	-16.53	2.1%
Public Works	-3.90	0.9%
Total	**-42.73**	**1.3%**

All vacancies were either budgeted in the General Fund or supported by the General Fund.
All positions are either currently vacant or will be left vacant following natural turnover.

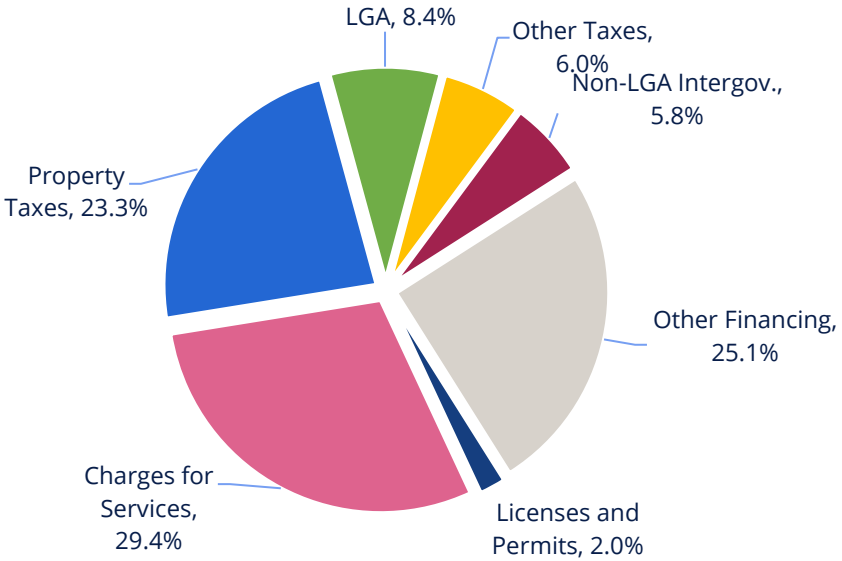
City and Library Revenue Sources

General Fund



66.6% Property Taxes and LGA

All Funds



31.7% Property Taxes and LGA

Property Tax Levy Distribution

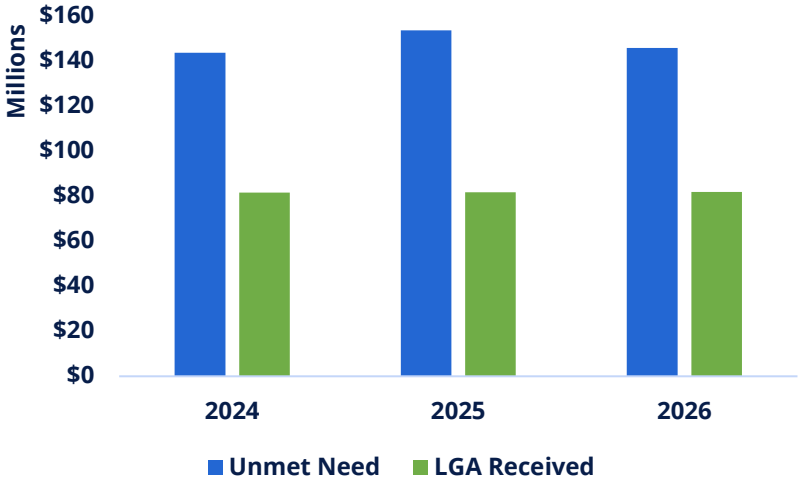
	2025 Adopted	2026 Proposed	Change from 2025	% Change from 2025
City of Saint Paul				
General Fund	170,737,939	180,273,258	9,535,319	5.6%
Debt Service	24,710,069	26,240,681	1,530,612	6.2%
Public Library Agency	22,449,086	23,085,491	636,405	2.8%
Total (City and Library)	**217,897,094**	**229,599,430**	**11,702,336**	**5.4%**
Port Authority	2,901,700	2,901,700	0	0.0%
	220,798,794	**232,501,130**	**11,702,336**	**5.3%**

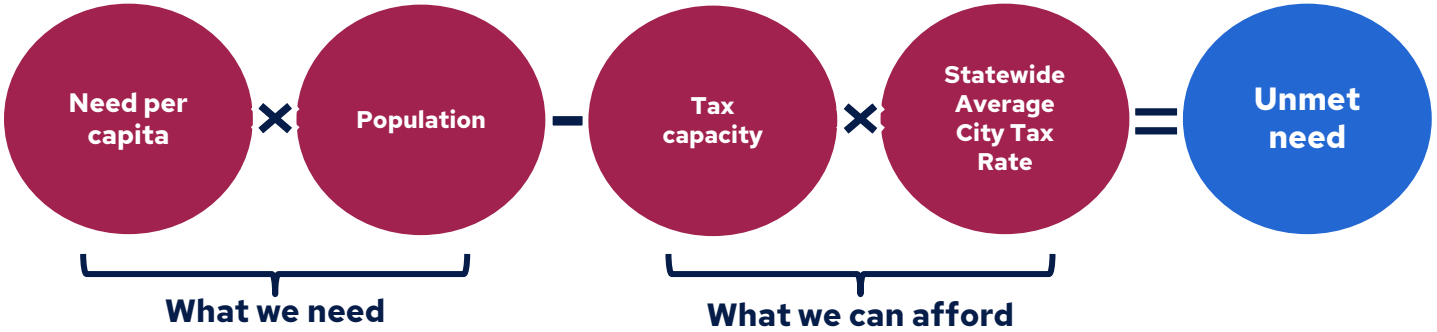
1.5%

Market Value Growth

Local Government Aid

- $130,683 increase in LGA in 2025 (0.2%)
- $233,912 increase in 2026 (0.3%)
- Highest allocation since 2002
- Saint Paul continues to have both the largest unmet need and largest gap between unmet need and LGA received





Other General Fund Revenues

Change in General Fund revenues from 2025 Adopted: **$4.1M**

- **Interest Earnings: $1,250,000** reflects stronger investment returns due to higher interest rate environment
- **Pension Aids: $900,000** reflects favorable trends in state allocations for Fire and Police pension aids
- **Franchise Fees: $880,000** reflects higher collections from additional month
- **Paramedic and Other Fire-Related Fees: -$110,000** reflects higher paramedic fee revenue offset by a reduction in expected governmental reimbursement
- **Excess TIF: $740,000** reflects increased tax increment financing projections
- **Hotel Tax – GF portion: $71,000** reflects increased lodging activity post COVID
- **Department Adjustments: $384,000** reflects miscellaneous net adjustments across City operations

2026 Highlights – Housing and Economic Opportunity

Housing Production - $6.6M

- Office to Housing Conversions (Local Affordable Housing Aid and Housing Trust Fund): $5M
- Small Scale Developments (HTF): $1M
- Accessory Dwelling Units (HTF): $600K
- 2.0 FTE Principal Project Managers (repurposed funds)

$13.1M

Housing Affordability - $4.9M

- Emergency Rental Assistance (LAHA): $1M
- Citywide Down Payment Assistance (LAHA): $2M
- Inheritance Fund Downpayment Assistance (LAHA): $1M
- Supportive housing (LAHA): $880K

Economic Opportunity - $1.6M

- Commercial Corridors (STAR): $1M
- Business Retention and Expansion (HRA Loan Enterprise Fund): $500K
- Downtown Development Strategy (HRA General Fund): $150K

2026 Highlights – Modernizing City Services

Technology

- PAULIE system implementation: $626K (special fund, one-time)
- Cybersecurity: $700k (special fund, one-time),
  $381K (General Fund, ongoing)
- Grants management software: $115K (special fund, ongoing)
- Robotic street-marking vehicle: $450K (special fund, one-time)

$3M

Innovation

- Facilities management study: $100K (special fund, one-time)
- Mobile device management audit: $60K (special fund, one-time)
- Priority-based budgeting consulting: $100K (special fund, one-time)
- Grants management software: $115K (special fund, ongoing)
- Data practices team: $166K (net, General Fund, ongoing)
- Cannabis registration administration: $116K (revenue supported, General Fund, ongoing)
- Council offices security upgrades: $200K (special fund, one-time)

2026 Highlights – Community Well-being

- Opioid and fentanyl treatment, response, and prevention: $1M (opioid settlement funds, one-time)
- Temporary library lease at Hallie Q. Brown while Rondo Community Library is closed for renovations: $100K (special fund, one-time)
- Library contracted security: $90K (special fund, one-time)
- District Council support: $200K (General Fund, ongoing)
- Vegetation management: $140K (special fund, ongoing, ROW permit fees)

Fund	Item	Amount
211 – Gen. Gov't Special Projects	DSI SAC Financial Assistance Project	-150,000
211 – Gen. Gov't Special Projects	Fund balance	-1,748,635
211 – Gen. Gov't Special Projects	Council security upgrades	+200,000
211 – Gen. Gov't Special Projects	Cybersecurity investments	+700,000
211 – Gen. Gov't Special Projects	Library contracted security ($40k in 2025)	+130,000
211 – Gen. Gov't Special Projects	Library lease at Hallie Q Brown	+100,000
211 – Gen. Gov't Special Projects	Robotic street striping machine	+450,000
211 – Gen. Gov't Special Projects	Extended support for Mill and Overlay	+318,635
211 Subtotal		**0**
710 – Innovation Technology	Fund balance	-886,295
710 – ERP Maintenance	Extended support contract for software	-115,000
710 – Innovation Technology	Facilities management study	+100,000
710 – Innovation Technology	PAULIE system implementation	+626,295
710 – Innovation Technology	Mobile device management audit	+60,000
710 – Innovation Technology	Priority-based budgeting consultant	+100,000
710 – ERP Maintenance	Grants management software	+115,000
710 Subtotal		**0**

2025-2027 Major Capital Budget Revenue Sources

	2025 Adopted	2026 Proposed	2027 Tentative
G.O. Capital Improvement Bonds	$4,147,000	$3,916,000	$11,000,000
G.O. Street Reconstruction Bonds	$22,350,000	$15,500,000	$15,500,000
Municipal State Aid	$11,354,000	$10,976,000	$4,510,000
Community Development Block Grants	$4,000,000	$4,000,000	$4,000,000
City 1% Sales Tax Projects	$55,063,420	$51,900,000	$28,160,000

$151.74M **Total 2026 Capital Improvement Budget**

Taxes and Fees on a Typical Home

Typical home valued at $275,300 in 2025 and an estimated $289,200 in 2026

	2025	Estimated 2026	Change
City Share of Property Tax	$1,336	$1,443	$107
Sanitary Sewer Charges (14% volume fee increase)	$359	$404	$45
Storm Sewer Charges (14% increase)	$128	$146	$18
Recycling Fee (3% increase)	$173	$178	$5
Residential Waste Collection	$43	$43	$ -
Subtotal: Direct Billing for City services	**$2,039**	**$2,214**	**$175**
Water Charges (SPRWS)	$453	$509	$57
Grand Total: All City Services	**$2,492**	**$2,723**	**$232**

Alignment with Council Priorities

- “Keep the levy increase as low as possible to reduce the tax burden on residents”: **5.3%**
- “Fund the Commercial Corridors Assistance Program into 2026 and beyond”: **$1M**
- “Increase District Council funding per the proposal submitted by the Department of Planning and Economic Development”: **$200K**
- “Add funding for pedestrian safety and bike infrastructure”: **$450K**
- “Continue investing in Down Payment Assistance, Emergency Rental Assistance, Power of Home/Healthy Homes”: **$2M, $1M, $300K/$960K**
- “Ensure the Free Swimming Pilot at Jimmy Lee has ongoing funding”: **maintained**
- “Repurpose unfilled vacancies before adding new positions”: **42.73 FTE removed**
- “Shift to activity-based budget reporting”: **$100K for consulting**
- “Strategic investments that convert vacant commercial spaces into mixed-use or residential developments [downtown]”: **$5M**
- “Accelerating investments to address the opioid epidemic”: **$1M**

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