



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			

**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			