



September 9, 2026

The Honorable Mayor Kaohly Her
Saint Paul City Hall
15 West Kellogg Boulevard
Saint Paul, MN 55102

Dear Mayor Her,

Thank you again for meeting with members of In\$ight St. Paul on August 25. Your accessibility—and that of your senior team—has been unmatched in recent administrations. Saint Paul is best served by leaders who listen to its residents, and in just eight months you have demonstrated that commitment.

We write to follow up on our conversation and offer additional detail on why we believe your proposed budget can still achieve greater efficiency and a lower tax levy. We share these recommendations now as we prepare to present them to City Council members and staff.

PAUSE ALL PARKS MEGA-PROJECTS

Saint Paul could reduce its 2027 capital budget by **\$2.6 million** by pausing major projects such as the River Learning Center, North End Regional Athletic Complex, and the river balcony. In the current fiscal crisis, the city cannot afford to complete, operate, or maintain these extravagances without significant future property tax increases.

Once paused, the city could explore redirecting state funds to other eligible projects—most notably the **Science Museum of Minnesota**, which could house the National Park Service and support downtown revitalization while fulfilling the goals envisioned for the River Learning Center.

EARLY-DECERTIFY SIXTEEN TAX INCREMENT FINANCING DISTRICTS BY 12/31/26

The Early-decertification of 16 TIF districts this year can help St. Paul taxpayers in two ways.

First, excess taxes captured over the past few years are no longer needed to repay the public subsidies provided to facilitate past developments. Thus, the excess increments can be legally

distributed to the City of Saint Paul, ISD 625, and Ramsey County as one-time 2027 General Fund revenues. These excess taxes can now be used to reduce the 2027 property tax levies.

Second, once the captured TIF net tax capacity values are released to the general taxbase, all taxpayers pay less property taxes for governmental services because TIF properties are now helping to pay for government services, instead of repaying public subsidies for development of their properties.

In\$ight's August 24 recommendation to Early-decertify districts conservatively estimated that roughly \$14.4 million in excess increments might be available for distribution, with \$3.7 million from six Port Authority districts and \$10.7 million from ten H.R.A. districts. Of that \$14.4 million, we guessed the City, County and Schools would each get about a third of the total.

As the public review process for the proposed 2027 budgets moves forward, In\$ight will continue to make TIF related recommendations to our elected policy makers as we gather more accurate info. As of today, we are happy to report that the excess tax increments collected for ten H.R.A. TIF districts we recommend for Early-Decertified is almost twice In\$ight's previous \$10.7 million estimate. PED Staff's September 2 presentation to the H.R.A. Board revealed there was \$14,047,000 in excess increments at 12/31/26, with another \$6,200,00 anticipated for year 2026 property tax collections. The estimated 12/31/26 total for H.R.A. excess increments is **\$20,247,000. Wow!** And **YES**, we are anxious to get more accurate excess increments estimates for the Port Authority districts.

Distribution of accumulated excess tax increments as a one-time 2027 General Fund revenue source is a good one-time thing. But what is more important, is the property tax reductions that materialize for the St. Paul property taxpayers annually in future years as captured net-tax capacity TIF valuations are moved from inside a TIF district over to the general taxbase. PED Staff's September 2 presentation estimates that the captured net tax capacity of TIF districts would drop from \$24,962,000 (6.08% of 2026 taxbase) to \$19,423,000 (4.6% of 2027 taxbase) if the recommended TIF districts are decertified early.

In\$ight estimates that a median value homestead would pay at least \$50 less in property taxes once the decertified TIF districts start paying for government services. This savings would continue every year, until St. Paul adds new TIF Districts to replace decertified ones. After preliminary 2027 property tax estimates are prepared by Ramsey County this November, In\$ight will prepare a more accurate estimate of the ongoing property tax savings associated with final TIF district Early-decertification for this year.

CITY HIRING AND WAGE FREEZE

You noted that city employees are overworked. Based on our experience as former public employees, we recommend requiring each department to evaluate staff activities and

distinguish between what is legally required and what is discretionary. Bureaucracies routinely claim to be overworked and underpaid; without pressure, they rarely reassess their processes.

Through a large reduction in your own salary, you have signaled to employees and taxpayers that no mayor is above the need for austerity. You have also given city staff the security of promising that no one will be laid off. In\$ight believes that promise of job security should be paired with a continuation of the wage and hiring freezes into 2027. Encourage city employees to stand with taxpayers in feeling the pinch.

By holding vacancies open and limiting program expansions, you actually encourage departments to rethink how work is performed and provide data demonstrating what is truly required. [At the August 26 HRA meeting, we learned that the freeze has been lifted at PED, and nine positions are being filled. This is unfortunate.]

PILOT: ENGAGE LARGE EDUCATIONAL & MEDICAL INSTITUTIONS

We were encouraged to hear that you intend to pursue contributions from major tax-exempt institutions, following the example of cities nationwide. The 2017 Citizens League study found that large health care systems and private colleges were willing to continue payments equivalent to their Right-of-Way assessments. Unfortunately, the prior administration did not follow through.

With a working group in place, In\$ight St. Paul welcomes the opportunity to support your efforts to secure these commitments. Perhaps we could produce a community forum on the topic.

CHARGE NON-RESIDENTS THE TRUE COST OF OUR AMENITIES

The disparity between admission fees at the Minnesota Zoo (Adults \$25.95; Children \$19.95; Seniors \$23.95) and the free Como Park Zoo & Conservatory is stark. Roughly **80%** of Como visitors live outside Saint Paul. We appreciate your agreement that this inequity must be addressed.

LOOKING AHEAD: 2027 BUDGET REFORMS & RESTRUCTURING

ONE-BILLION-DOLLAR MAINTENANCE BACKLOG

You have rightly identified the maintenance backlog as a top priority. It exists because past administrations deferred maintenance to create the illusion of lower property taxes.

Saint Paul's extensive park and recreation system—including multiple large recreation centers and numerous small play lots—poses a significant operational challenge. The **Parks & Recreation Commission**, which advises on long-range policy and land acquisition, could be

tasked with evaluating the system and recommending how to meet citywide needs over the next 20 years with the same or fewer facilities at current funding levels. The Commission meets next on **September 10 at Como Park & Conservatory**.

The **2022–2026 Parks and Recreation Strategic Plan** should be revised to reflect today's fiscal realities.

IN CLOSING

In your brief tenure, you have confronted the extremely challenging fiscal outlook that In\$ight St. Paul has worked to bring to public attention. You did not create these conditions, yet you have engaged residents across the city and listened to their concerns, making clear that you share them – and are committed to finding solutions.

As we emphasized at our meeting, Saint Paul's greatest economic burdens are its tax burden and debt obligations. We have the highest effective residential tax rate in Minnesota, the highest sales tax, the lowest median income in the metro area, and we are the only major city in the state losing population. These challenges are surmountable only if we break from the status quo and enforce discipline throughout city departments.

Through actions you can take right now, we believe you have the opportunity to make Saint Paul prosper. In\$ight St. Paul stands ready to support you with our experience and expertise – and desire to help.

Thank you for your thoughtful consideration,

Jane L. Prince, Chair

Gregory Blees,

Carl Michaud,

John Manillo,

Donna Swanson,

on behalf of the Steering Committee of In\$ight St. Paul

CC: Nick Stumo-Langer, Assistant Mayor, City of Saint Paul

Joseph Harney, Director, Office of Financial Services, City of Saint Paul