



CITY OF SAINT PAUL
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2008 Budget Address

Embargoed Until Delivery

Thank you for that wonderful introduction Kathy, and for your leadership and partnership. Thank you Carol Connolly for that beautiful poem. And thank you to the Saint Paul Fire Department Honor Guard for being here today. And thanks to Nina Archabal for lending us this wonderful facility today.

It is good to be in a place dedicated to understanding our history - the experiences that have shaped us, the lessons we have learned and the sense of possibility that calls us to stretch a little further to touch a future that awaits just beyond our finger tips.

Before we begin, I want to take a moment to recognize Mayor Rybak who has joined us here today. Your leadership and compassion following the bridge collapse is an inspiration to us all.

I also want to recognize the members of the City Council. Our democracy works because none of us, alone, can balance all the concerns represented by the people of Saint Paul. It is only in the dialogue and debate that the way forward is made clear.

2008 will be the first year when, after thousands of years of human history, half of the world's population, 3.3 billion of us, will live in cities and towns. At a stunning rate, people around the globe are moving into cities for the same reasons they always have - for protection, for education, for opportunity.

In reflecting on the challenges that cities face in accommodating the sheer number of people involved, the United Nations Population Fund report said, "Cities concentrate poverty, but they also represent the best hope of escaping it."

Our context is different, of course. But the conclusion is equally powerful. If we can harness the power that comes with 275,000 people coming together to do what they cannot do alone, we will surely be, in the words of John Winthrop, a city upon a hill with the eyes of all people upon us.

As we embark on the process of setting the budget for 2008 we should be clear about our values.

What does it mean to be a city? What is our collective responsibility to one another and to that which we have built together? It is time to develop a new community ethic about that which we

hold in common... our roads and bridges, our parks and schools, our lakes and rivers, our children and our children's children.

The budget I put before you is based on three core principles:

- (1) Achieve structural balance by 2010
- (2) Deliver better service at a better price, and
- (3) Grow our investments in Saint Paul.

That means we have to:

- Be honest about what it costs to maintain quality public services. If we tell people they can get something for nothing, they will believe it.
- Put away the credit card. We should pay current costs with current resources and not pass those costs on to our children.
- Take care of what we have. Our failure to do so can have tremendous consequences.
- Invest in the future. Our grandchildren will pay the price... or reap the benefit... of the decisions we make today.

Saint Paul is at a crossroads - a decision point that we have been approaching for most of the past decade. In the mid-90s, strong national and state economies led to predictable annual increases in Local Government Aid. This aid from the State allowed us to get by without an increase in the levy.

In fact, for 11 years, we didn't increase the size of the levy. Our metro tax rating fell from 2nd to 75th. However, that was not a sign of fiscal prudence. Rather, it was a sign of disinvestment and our community is beginning to feel the consequences.

We were lured by false choices... that we could somehow maintain our quality of life without paying for it. We figured out ways to cut service here and costs there. We pushed up fees. We put off replacing roofs and repairing tennis courts. At times, we were able to avoid layoffs but only because our most experienced staff were retiring and were not being replaced.

We cut back on our ability to create and grow jobs by using funds designed to encourage development to pay for general operations instead. That significantly reduced our capacity to strengthen neighborhoods and grow our tax base.

We cut programming in our recreation centers. While we kept the buildings open, those buildings had so little staff that if a part-time Rec worker got sick, the gym couldn't be opened.

We asked others to help us meet our basic needs. For example, we started to depend on the Friends of the Library to support our basic collections budget. As a result, they had less to give in support of those extra initiatives that make our Library... and our city... special.

Then, in 2003, the State gutted LGA. Saint Paul's allocation plummeted from \$76 million to \$53 million inside of 2 years. We were no longer trimming fat. We were cutting bone.

We spent down our reserves to the point where any further reductions would jeopardize our credit rating and increase the cost of borrowing. STAR funds went to pay our debts instead of revitalizing commercial corridors or constructing playgrounds. We began to assess property owners for street maintenance and tree trimming. We told them that we weren't increasing their taxes, but they knew better. We put off replacing squad cars. We failed to invest in new technologies. We made decisions that ultimately cost us more money in the long term. Our City was bled dry.

The Saint Paul where you and I grew up became a city that bucked our obligations to our children and our community in exchange for a political pass. Today, we need to reject the false choices we've been given and make the tough choices that will put Saint Paul on a solid footing for the future.

A year ago, we talked about the importance of achieving structural balance in our budget by 2010. After a decade of spending down reserves and robbing Peter to pay Paul, we committed ourselves to getting the City off the roller coaster of huge annual deficits and budgets cobbled together with one-time fixes.

We made progress last year... after seeking input from business and education leaders as well as residents and employees, we balanced the annual budget and cut the structural deficit nearly in half.

We made our city safer by putting 38 more police officers on our streets. We committed ourselves to providing better services at a better price by combining three functions into the Department of Safety and Inspections. We took bold action to move our fire department into the 21st century through an audit that will ensure we continue to build a world class fire department. By the most conservative of projections, we were ahead of schedule.

Our legislative delegation followed up on our efforts and worked hard to put together a Local Government Aid package that was expected to give us \$67 million in State aid – and I thank them for their efforts.

The Governor's veto of the tax bill now threatens to reverse all our progress. Along with mayors from across the state, I once again call upon the Governor to call the Legislature into special session to restore LGA. While the transportation needs of the state must be addressed, Minnesotans deserve property tax relief and they need it this year.

And, so, we have a fundamental choice to make. To continue to close this gap and balance our budget we will have to choose between two cities.

We could choose to continue to cut services and reduce quality. We could choose to continue down the path of disinvestment and shift the cost to future generations - a path that put us in this untenable and unacceptable situation in the first place.

Or, we could follow a path that leads to the Most Livable City in America.

We must put our differences aside and come together around our vision for what the City of Saint Paul really is. A city of neighborhoods. A diverse community where neighbors watch out for each other. A place where we value our children's future above all else.

As one who loves Saint Paul, the choice is clear. I choose to fight for a city we will be proud to leave to our children.

Our first step is to agree on a three year plan that gets us to structural balance with a combination of new investments and better service delivery.

And the second step is to certify a maximum levy that will ensure the level of service that the residents of Saint Paul have come to expect.

We are a City whose firefighters and public works crews spent most of the night walking for miles through our sewers in search of two men lost in a storm. We are a City that invested in the 800 MHz technology so that within 3 minutes of the I-35W bridge collapse, our first responders were part of a rescue operation that set a new standard for the entire country. We are a City whose police officers took on the challenge of gang violence and drug dealing at our downtown bus stops, planned and implemented Operation Shamrock and changed the character of downtown Saint Paul.

We know what quality services cost. What is not yet clear is whether we will receive the State support we need or whether we will have to go it alone.

Assuming that the Governor and the Legislature do their work, I am recommending a \$4.9 million increase in the levy for 2008. With similar increases in 2009 and 2010, we will meet our commitment to achieve structural balance by 2010. That is Plan A.

If the State does not act before September 12 and leaves us with a \$17 million deficit, the decision to invest in ourselves will be much more difficult, but no less important. If we have to resort to Plan B, I will recommend a \$10.2 million increase in the levy and additional service reductions.

What will our budget mean for City services?

In public safety, we have a great police chief in John Harrington who understands that it is the fundamental duty of local government to keep people safe. His assessment is that, by 2010, we will need 650 officers to implement the kind of policing program that will build community and protect the public's safety.

And so our Plan A adds 25 new sworn police officers in 2008. Despite the budget challenges, we will not compromise on the public safety.

In addition, I have asked Chief Harrington to conduct a thorough review of Police Department operations to ensure we are meeting our City's highest obligation as efficiently and effectively as we can.

In the Fire Department, we will continue to implement the recommendations made in this year's audit. Most significantly, we will merge fire stations 1 and 10 into a single new station, improving service to the West Seventh community.

In Parks and Recreation, we will make significant and painful cuts, but we will provide better services to our customers when and where they need them the most.

And that's going to take a new approach - and a new way of thinking. We began this work last year by focusing on adapting hours of operation to expand our reach.

This year we are going a step further by putting our resources into people, not buildings.

We will ask the School District to take over responsibility for the buildings we currently share at Frost Lake, Highwood Hills and Homecroft. We will continue to maintain the outdoor recreation space and schedule access to interior spaces as needed, but our staff will not be responsible for supervising the buildings.

We are looking for partners who would be able to take over our space at Dunning. A partner has already stepped forward at Eastview recreation center. At Desnoyer, we will ask the community to program the building year round. We will return the space we use at St. Clair to the West Seventh Community Center. And we will maintain only the outdoor space at Orchard where the building is in need of extensive repairs.

With these changes, we will have the flexibility to expand our Second Shift effort by finding partners to offer academic enrichment programs at selected centers. We will invest the savings in improving the quality of service in every neighborhood. We will be able to add a Go-Team to move around the city targeting recreation services where they are most needed for an evening or a weekend. When our staff is no longer constrained by having to stay in one place on a regular schedule, we can be more flexible and more responsive.

While being more mobile, we will stay deeply rooted in our neighborhoods. We plan to invest \$1 million to make critical improvements to the field spaces and play areas at the sites that will no longer be staffed. We will work with the community to develop a plan for reinvestment.

We will also complete work on the Jimmy Lee Recreation Center and open a state of the art facility in the heart of the city, establishing a unique partnership with Central High School and the young people who represent our future. We are working on a 4-year plan to upgrade the City's aquatics facilities. And we will move forward with the National Great River Park and Trillium Park.

I know that it is hard to lose a neighborhood recreation center, however substandard. I know that each center is part of the neighborhood fabric and, if we had all the resources in the world, we would make sure that they were all fixed up and fully programmed. But the fact is that we have to make the tough choice to increase the quality of recreation services throughout the city.

If we work together and draw in our partners, we can achieve permanent savings in our operating budget and make improvements to the system to better serve the community.

This is what we mean by Better Service and a Better Price.

In our libraries, we will make adjustments that will save about \$300,000 a year. But we will not close libraries or reduce the total number of hours across the system. We will continue to save money through the expansion of the self check-out system.

We need to look no further than our new Rondo facility to know that our library system is making a difference in the lives of our children. In the first six months of 2006, Lexington Library had 79,000 visits. In the first six months of 2007, there were 182,000 visits to the new Rondo Library.

The experience at Rondo taught us, once again, that when we invest, we must commit ourselves to quality. The children who flock into Rondo every day know that they are important to us because we built a beautiful place for them to learn.

Residents and community leaders on the East Side who have come to us with an idea for a combined library, recreation and community center are asking that we surround their children with the assurance that they deserve the very best we have to offer. We will seek out the partners and the resources we need to do exactly that.

We have never let our budget challenges stop us from addressing those long-term, but fundamental, issues that will shape Saint Paul's future. On the environment, the City will continue to realize the savings generated by energy conservation, as we continue to retrofit city buildings.

With our education initiatives, we are fundamentally changing the conversation about the City's role in supporting successful outcomes for every Saint Paul child. We will continue to invest in our Second Shift initiative and build on the stunning successes we have already seen. We raised private resources to expand the Circulator System to the East Side, where young people have ridden the bus 1200 times in its first seven weeks. They have ridden to the Boys and Girls Club or the YMCA or Metro State where caring adults have supported their goals and aspirations. We will continue to expand our early childhood education initiatives to ensure that every Saint Paul child is ready to learn when she goes to kindergarten.

We have some remarkable partners helping us to offer hundreds of thousands of dollars in scholarships so more children have access to quality early childhood care and education programs – and I thank them for their efforts.

Finally, we will continue to grow our tax base in order to reduce the share of the levy paid by current taxpayers. A couple of weeks ago the HRA designated a tentative developer for Cleveland Circle who has plans for a development that will expand the West 7th street entertainment corridor into the heart of downtown Saint Paul. In Lowertown, we will soon break ground on the Farmer's Market Flats and will continue to move forward on the Penfield project on the north end of downtown. We will continue to partner with Ramsey County to move forward with development of the West Publishing building.

With our work in Invest Saint Paul, development of the Central Corridor and the re-development of the Ford Plant, we will continue growing our city into the future.

These developments- funded with private investment with the assistance and encouragement of the City- will make Saint Paul stronger, will increase our vitality and will lower the tax burden shouldered by homeowners well into the future.

Let's talk about taxes.

First, I want to speak directly to homeowners who are retired and living on modest incomes. I believe that you should be able to live in your home for as long as you want to. It is good for you. It is good for your neighborhood. You made significant sacrifices for your families and your community. You deserve our respect.

I know you understand why I can't let our libraries and recreation centers wither on the vine. I know you understand that we share a responsibility to pass on the blessings we have received to the next generation. You, for whom higher property taxes are especially difficult, are the people who taught us about taking care of each other.

I also want to speak directly to homeowners whose families have lived in Saint Paul for generations, who serve as police officers and nurses and teachers and carpenters, who coach our

children's teams and lead our school site councils, who organize steak meals for National Guard families and block parties on National Night Out.

I know you think about whether your taxes would be lower if you moved to a cul-de-sac in some distant suburb. But I know you understand why we need to put away the credit card, pay the bills, and not burden our children.

I know why you love Saint Paul. You love it for all the same reasons I do. Our families know each other. We played ball against each other. We know every neighborhood by its church and its corner bar. We love this city and want it to grow and prosper.

And, finally, I want to speak to those who are new to our country. I know that you are making sacrifices in order to buy your home. You are working extra hours. You are doing without... because you know that owning your home is important to you and your family. You want to have something of value to pass on to your children.

And we, in Minnesota, made a bargain with you. If you did your part... if you worked hard, we would give you every opportunity to succeed.

In return for your investment in the City's future, I will make each of you a promise. First, we will do everything in our power to keep you safe. We will have 650 police officers on the street and in your neighborhoods by 2010 - more than ever before in Saint Paul history.

Second, we will make sure that every penny you give us is well spent. We are going to continue to change the way we do business in the City of Saint Paul so that we are investing not in obsolete buildings or outdated procedures, but in people and our future together.

And third, we will continue to bring new resources to the table. We have formed a host of new partnerships over the last two years. We have reached out to foundations and other private funders across the country. They have seen our city, they understand what we can be, and they have responded in an overwhelming fashion.

To date, we have raised millions of dollars from outside sources to support our initiatives, and I want to take this opportunity to thank all of our private and non profit partners for their support.

There are those who suggest that we can't afford to continue to invest in high quality City services. They are wrong. We cannot break faith with those who have worked so hard to bring us to this day nor with our children whose future we hold in our hands.

One of the many privileges of being your Mayor is having the opportunity to see the good that comes from our investment in our common future. I get to meet children whose academic achievement is enhanced by their participation in sports where they learn about team-work and fair play.

I've talked with a young man who - like hundreds of others - came with his parents as a refugee, will graduate from Central High School with plans to go to medical school... and who spent every afternoon at the public library.

I've heard from people who called 911 when they fell ill and were assured that help was on the way.

I've met with neighbors struggling with drug dealing and gang violence who have worked with a community prosecutor until their problems were resolved.

I have the opportunity to rediscover - day after day - that we are a city where we take care of each other.

For all that - and on behalf of all whose lives have been changed - I thank you.

I don't want to close today without reflecting for a moment on the collapse of the I-35W bridge two weeks ago. Each of us, I expect, now carries new insights about courage and grace, about how fragile our lives are and how much we take for granted. We will reflect on those who lost their lives and realize that they came from every corner of the region and every walk of life. We are reminded that it was a young immigrant's son who helped to get 50 frightened children off a school bus teetering on the edge of disaster.

As we stand at the crossroads, we face a monumental choice brought starkly into focus two weeks ago. We could each try to go it alone, but at some point, we know we need each other. None of us could get across the Mississippi River by ourselves. So we came together and built a bridge. As we stand at the crossroads, we need to think carefully about all those things that we build together.

The budget I present to you today meets the test of the three principles I outlined earlier. It is honest. It pays for what we need and identifies what we can no longer afford. It does not shift costs to the future. Nor does it take from those funds that were established to build our neighborhoods. And it challenges us to stay on course with our efforts to strengthen the education of our children, the quality of our environment and the vitality of our life together.

We who love this city must stand together today. We must stand together and reject the false choices that some would have us make. We must stand together and make the tough choices that will move our city forward.

We must stand together for our children... and for Saint Paul. Thank you.