



# Mayor Melvin Carter's 2022 Budget Address

Thursday, August 12, 2021

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Greetings. Thank you for tuning in to my 2022 City Budget Address.

Over the past 4 years, I have shared the values that drive my Administration's approach to budgeting. One, our budget isn't a numbers document, it's a values document. Two, our budget must advance our community values, not just those of the Mayor and City Council. And three, if our budget doesn't match our values, then we cannot call them our values.

Those truths are true today as much as ever, as our 2022 budget process comes at a time that offers the enormous potential of rebirth for Saint Paul.

I don't have to tell you, our world has been through a lot over the past year and a half, as the compound crises of a global pandemic, a sharp economic downturn, the killings of Ahmaud Arbery, Breonna Taylor, George Floyd, Rayshard Brooks, Daunte Wright and too many others, civil unrest, and a dramatic nationwide increase in homicides all roiled our country at the exact same time.

Today, even as we mark 73% of our Ramsey County residents having received at least one dose of the vaccine, we are re-escalating our posture of vigilance in response to the Delta variant, monitoring air quality alerts, and conserving water in response to historic drought conditions.

While every one of these global crises we face originated far beyond the borders and control of our local community, they have brought daunting challenges for our students, families, workers and businesses.

Last year, with the pandemic raging and no clear timeline when a vaccination would be ready, we prepared a defensive budget, centered around three zeroes that depicted the challenge of the moment: zero property tax increase, zero staff layoffs, and zero use of our city's emergency reserves.

Headed into a pandemic with no vaccine available, limited help from our federal government, an economic crisis raging, and nothing but uncertainty ahead, last year's budget proposal was a sobering reflection of the moment we were facing.

## Mayor Melvin Carter 's 2022 Budget Address

Thursday, August 12, 2021

---

Moreover, it demonstrated the financial restraint that has allowed our administration to land spending under budget every year, increase our reserve funds, and upgrade our credit rating outlook at a time when too many cities are seeing theirs move in the opposite direction.

Today, we are not out of the dark, and this pandemic is far from over. COVID cases caused by the Delta variant continue to increase, largely for unvaccinated individuals. We have asked staff and visitors at our facilities to stay masked for all of our safety, while encouraging our local businesses to engage in proactive measures to support the health of our community. I am humbled to live in and serve a city that constantly steps to the plate to protect one another and will continue to urge all of you to get vaccinated and follow public health guidance.

Those things notwithstanding, today is profoundly different than when I stood to propose a budget last year. The vast majority of residents in our County have now received at least one dose of vaccine. Our unemployment rate in Minnesota reached its highest level in 30 years during the pandemic with a peak of over 11%. As we started to emerge from the economic crisis, while it has fallen to 4%, we are still above pre-pandemic levels. We have worked hard to bring our number of unsheltered residents back down to pre-pandemic levels, and we have a brand new partner in the Biden Administration in Washington, DC, focused on providing our families and businesses with as much support as they possibly can.

In short, while last year's budget was about bracing ourselves against the most devastating blows of the global crises swirling all around us, our financial discipline - along with significant help from our partners in federal government - have returned us swiftly back to a point of preparedness to imagine and invest in the Saint Paul we are building for the future.

The budget I'll present to the City Council today proposes a 6.9% increase to the city's property tax levy, which equates to approximately a \$10.58 per month increase for a median value home.

This increase reflects the reality of rising prices of everything from labor to construction materials, our expanding citywide tax base, and the costs of providing high quality public services to a rapidly growing population.

My 2022 budget proposal supports our shared vision for revitalization and sustainability amid the many challenges we have faced. It furthers our vision for a Saint Paul that works for all of us that my Administration has been engaged in with our community these past four years. And it sets us on a path to operationalize the many hard lessons we have learned over these past 18 months.

In this moment, we cannot settle for simply doing different things, we have to do things differently. That's why community engagement has remained a central focus of my administration, and why we have worked so hard and moved so fast over the past 4 years to transform the very definition of city government along with so many of the public services we provide.

Our Human Resources Department built a community based hiring process to identify and evaluate candidates for Cabinet-level appointments.

Our police department invited residents into a two month, two-way dialog to completely rewrite the use of force policies that govern Officer interactions.

## Mayor Melvin Carter 's 2022 Budget Address

Thursday, August 12, 2021

---

We partnered with the Citizens League to convene workers and business owners in building out our plan to raise the minimum wage to \$15 per hour.

We established our Office of Financial Empowerment to plan and lead strategies to build community wealth and address root causes of financial instability.

We launched CollegeBound Saint Paul to place every child born in our city on the pathway to college with \$50 in a college savings account. We have since enrolled 4,560 babies born in our community in CollegeBound, providing \$458,000 dollars toward our children's futures.

To address the enduring impacts of our housing crisis, we launched our Families First Housing Pilot last year, which has since provided over \$450,000 to families with school age children in the form of a monthly rent support to ensure families remain stably housed.

At a time of growing consensus among library professionals across our nation, we eliminated late fines in our libraries, leading to the more than \$2.6 million in forgiven library fines.

Late last year, we launched our Guaranteed Income Pilot Program, which is providing 150 families with \$500 per month through early 2022. A part of the growing number of Mayors across our country who are committed to investing in our residents, our pilot has already provided \$871,000 dollars in direct payments to families in need in our community.

When we mobilized resources to support those most vulnerable to the economic impacts of the pandemic, the Saint Paul Bridge Fund provided over 1,200 families a total of \$1.2 million. Combined with support for our small businesses, our Saint Paul Bridge Fund provided more than \$4 million in emergency relief.

All of these strategies, taken together, signal an important transformation of our economic plan, built around the simple recognition that the most critical measure of our economic vitality is neither the growth of our tax base nor the height of our buildings, but the ability of all our neighbors to afford the groceries and rent they need to provide stability for their children.

While cities historically work to establish the conditions in which success is possible, the strategies I just listed go far beyond creating conditions, to putting and keeping nearly \$6 million directly in the pockets of our residents.

Even with this array of proactive investments, we know that from the earliest months of the global public health and economic crisis, our community faced a magnitude of challenges we haven't seen in generations. Even with our rapid mobilization of resources and city services, amid these trying, and tragic conditions, nothing could have prepared us for the murder of George Floyd, nor the impacts which led to the greatest night of destruction in Saint Paul's history.

As we continue to process the lasting trauma of those harrowing days, we know that the thousands who peacefully protested did so not just out of anger and frustration at George Floyd's murder, nor simply in the name of calling for justice in the face of generations old trauma of Black lives taken at the hands of law enforcement. This widespread anger comes from all of the ways in which people of color and low income Americans commonly see the systems and resources that are supposed to operate on our behalf, weakened or weaponized to work against us.

## Mayor Melvin Carter 's 2022 Budget Address

Thursday, August 12, 2021

---

While the conviction of the officer who took George Floyd's life is an important step toward accountability, amid record layoffs, widespread unemployment, housing and food insecurity, and health disparities that continue to disproportionately impact communities of color, the entire system of legal and structural inequities that are present in communities across our nation have been unveiled more than ever before.

Even with the transformative leadership of the Biden Administration, the enormous potential of the American Rescue Plan, and the promise of a federal infrastructure bill, we have work to do to address the persistent impacts of the previous administration which has fueled the rise of hate, widespread disinformation, and divisive rhetoric that continues to harm communities across our nation.

We must keep our focus on priorities that position our city government, and our entire community to address the challenges we face from the last 18 months, as well as the challenges that lie ahead.

While shutdowns and social distancing requirements severely limited our ability to do things like operate recreation centers and libraries and in person support for residents applying for permits, my 2022 proposal restores critical services interrupted by the pandemic by leveraging our general fund and American Rescue Plan resources to begin those long term rebuilding processes right away.

One persistent challenge we've always struggled with is how to protect those most vulnerable in our community from the impacts of rising property taxes as our community grows. The question is, how can we raise property taxes for those of us who can afford it, but not those who are struggling most. The problem is, that's not the way property taxes work. We have the ability to set the entire number that we will collect from taxpayers, but then that number is divided up by a complex formula to determine the amount due for each property. This creates a difficult paradox for us. How do we continue to make critical investments in our city while protecting those most vulnerable to even small shifts?

For decades, we have been stuck behind this problem, and it has been further exacerbated by the pandemic. Right now in Saint Paul there are families across our city who have seen their property value and their tax bill increase, while their income and work hours have decreased. Today I am proposing a solution. I am proposing a \$600,000 investment from our Affordable Housing Trust Fund to start a new program to support low-income homeowners that are housing cost-burdened.

This new effort will help fill the gap in existing programs by adding a tool to assist homeowners, alongside programs that support renters. As we continue our work to address housing insecurity, I look forward to engaging with our community to shape and build the vision for this program over the next year.

Another feature of my budget proposal is a new five year strategy for our Capital Improvement Budget which will allow us to break ground on three transformative projects across our city. We will leverage record low interest rates with an investment of more than \$32.2 million over the next two years to launch capital projects at the Hamline Midway Library, the North End Community Center and Fire Station 7. While our traditional CIB cycle has centered on waiting until all funds have been amassed for a project before beginning to move it forward, this new strategy will enhance our ability to leverage these resources much more efficiently.

This summer, as more of our neighbors have been vaccinated, some of the activities and events we enjoyed prior to the pandemic have started up again, offering much needed opportunities to reconnect with our neighbors. One

## Mayor Melvin Carter 's 2022 Budget Address

Thursday, August 12, 2021

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such gathering was a recent event I attended at my alma mater, Saint Paul Central High School at the James Griffin Stadium. On this particular visit, I noted the Works Progress Administration plaque near the entrance.

As Central's football field and track, I spent countless hours during high school in that stadium, which ultimately helped to pave the way for my college experience, and my lifelong interest in running. On this recent visit, it struck me that generations later, this historic New Deal investment had impacted the course of my life, along with countless other students and athletes alike more than a half a century later.

With the enormous potential of the American Rescue Plan, we have before us the same opportunity to leverage investments that will not only serve our needs today, but will also shape the world we continue building for generations to come.

While it would be easy to simply spend \$166 million in American Rescue Plan funding on bricks, concrete and the long list of immediate needs we have before us today, that approach would be short-sighted.

The trauma we've all endured over these past 18 months isn't borne from some unforeseen Act of God, but the direct result of the public policies and investments we've made — and those we've failed to make — to secure our public well-being. That's a sobering truth, but it's good news: it means we can make different decisions that can help secure our future. While our limited local resources cannot cure all of the ills that have brought us to today, we must take full advantage of every opportunity we have to bend these curves of our history toward true, lasting justice by investing in our people every chance we get.

Today, I am announcing the 6 key priorities which will guide our investments over the next several years, so that as the needs of our community evolve, we can remain responsive to the challenges ahead.

To support safer outcomes in our neighborhoods, in alignment with our Community-First Public Safety framework, we will invest \$40 million in neighborhood safety strategies.

To respond to our ongoing housing crisis, including connecting people experiencing unsheltered homelessness to support, services, and resources, supporting affordable and deeply affordable housing, and ensuring residents can secure stable, accessible, and fair housing at all ends of the continuum, we will invest \$40 million in housing strategies.

To ensure people of all ages, backgrounds, and skills can access and maintain stable employment opportunities with living wages, professional development opportunities, and career pathways, we will invest \$40 million in jobs and career readiness programs.

To update, enhance, and expand our ability to provide innovative, resilient and equitable services, supports, and resources, we will invest \$18 million in support of modernizing city services.

To support our city's continued ability to maintain short-term and long-term financial, economic, and enterprise stability in support of the ongoing services and resources our residents rely on, we will invest \$15 million in citywide financial stabilization.

## Mayor Melvin Carter 's 2022 Budget Address

Thursday, August 12, 2021

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Because we know this pandemic is not yet over, to ensure all of us can continue to access vital public health information, support, services, and resources, we will invest \$3.6 million in vaccine and public health measure engagement.

To fully leverage the potential of these and other federal funds and ensure we are responsible stewards of these funds, we will use 6% or approximately \$10 million for financial, legal, compliance, procurement, human resources, and evaluation over the next several years.

While these targets reflect the needs we have identified over this past year, all of these strategies will work together to promote general wellness in our community as we continue meeting the changing and evolving needs of our city.

Among these priorities, realizing safer outcomes for our neighborhoods remains one of our most critical responsibilities. Like communities across our nation, these past 18 months have created challenges that were previously unimaginable, from a 10-fold increase in the number of people sheltering outdoors, to national trends in crime from which Saint Paul has not been immune.

If every American had a safe home to shelter in place, two weeks paid leave to quarantine themselves or care for a sick child, the ability to see a doctor as soon as they experience symptoms, and the utmost confidence that every member of law enforcement is here to protect and serve every one of us, then all of our experiences these past year and a half would have been fundamentally different no matter what the pandemic threw at us.

Over the past several years, we have built our Community-First Public Safety framework with over a thousand of our neighbors. Our approach focuses on addressing the root causes of crime in our neighborhoods by proactively investing in ways that help reduce the likelihood that something bad will happen in the first place.

This approach has helped inform a broad array of our efforts. At a time when we saw the number of people sheltering outdoors rise to over 300, through the incredible leadership of our Deputy Mayor Jaime Tincher, our departments along with partners, developed new ways to connect people to supports, services, resources, shelter and pathways toward short and long-term housing stability. These efforts have drastically reduced the number of individuals facing unsheltered homelessness in our city. This same proactive, collaborative approach among our departments and partners helped us respond to a rise in crime we experienced in our downtown last year, leading to a 35% decrease in quality of life crimes in downtown this year.

Earlier this year, our 48-member Community-First Public Safety Commission was tasked with re-envisioning emergency response, while considering the creation of an office that could continue to usher these strategies forward. Guided by the leadership of co-chairs Acooa Ellis and John Marshall, the Commission's 419-page final report provides a rich array of wisdom, feedback and guidance including recommendations on shaping the pivotal next step of this framework.

Today, I am announcing our intent to launch the City of Saint Paul Office of Neighborhood Safety.

Our Office of Neighborhood Safety will lead the ongoing advancement of our framework through the coordination of Community-First investments including violence prevention strategies and alternative response in close collaboration with our Department of Safety and Inspections, Saint Paul Police Department, Saint Paul Fire Department, and other Community-First Public Safety partners.

## Mayor Melvin Carter 's 2022 Budget Address

Thursday, August 12, 2021

---

The Office will support the creation of a permanent Commission which will engage community residents, local stakeholders, and public safety representatives to inform ongoing strategy development, as well as directing resources to impacted communities.

The Office of Neighborhood Safety will also engage in research, data collection and analysis through participatory methods that engage residents and system stakeholders in the co-development of neighborhood assessments, alongside interventions that are responsive to the needs of our neighbors.

I will ask the City Council to support our ability to move forward this fall with the launch of this office so that this critical work does not have to wait until January.

Now, perhaps more than ever before, as we continue to address the compounded crises, and enduring trauma far too many of our neighbors face, our Office of Neighborhood Safety stands to further usher our neighbors from crisis to wellness, and with it, transformational outcomes for every corner of our city. While there is much work to be done to realize this evolving body of work, our community remains united in support of the Community-First vision which we'll continue cultivating together.

While this work alone won't realize all our neighborhood safety goals, we know there will continue to be some instances where there is simply no substitute for an officer. My proposal also leverages ARP funds to allow the Saint Paul Police Department to more easily fill vacant positions as officers retire. We'll also establish permanent funding for our Law Enforcement Career Pathways Academy (LECPA), which is already changing the face and future of our department by creating on-ramps for young people from our diverse communities into law enforcement.

Moving forward, to increase the efficiency of officer time, we'll continue to expand opportunities for alternative and co-responder models, and we'll work with Chief Axtell to identify opportunities to modernize every interaction between community members and officers, including limiting traffic stops for non-safety related violations so officers can focus their energy on violent crime.

While the delivery of my 2022 budget proposal is just the start of a process which the City Council will carry forward this fall, ushering our community forward out of the challenges of these past 18 months requires all of us to lean in. I encourage every member of our community to engage this fall with our Council in this conversation as they work to adopt our 2022 city budget.

As that process moves forward, I look forward to continuing to be your teammate as we rebuild for our future, together.

I look forward to our partnership to continue to double down on our investments in Saint Paul's students, Saint Paul's families, Saint Paul's workers, and Saint Paul's entrepreneurs. And I look forward to us continuing to prove together the words of our late Senator Paul Wellstone, we all do better when we all do better.

Thank you.