



Mayor Melvin Carter's 2023 Budget Address

Thursday, August 18, 2022

Good morning, thank you for joining my 2023 budget address.

The last time we gathered together in-person for a budget address was in August of 2019 when I presented my budget proposal for the profoundly typical year, we expected 2020 to be. It would be impossible to overstate the shifts in history that we have all endured since then.

A global pandemic and economic crisis, which created unparalleled uncertainty for communities across our nation. A worldwide reckoning on racial injustice fueled by the nearby murder of George Floyd. An insurrection at our nation's Capitol. The overturning of Roe vs. Wade. Nationwide surges in homelessness, hunger and violent crime.

And the persistence of political polarization fueled by divisive rhetoric, election denial, and misinformation to sow doubt, confusion, and countless conspiracy theories, bolstered by those who would prioritize their own political agendas over preserving the foundations of our democracy.

Even as we have resumed many of the routines and activities of our pre-pandemic normal, our world has permanently and undeniably transformed, leaving us all united in our common quest to find our footing in this seemingly new world. I am thankful that we don't have to navigate this journey alone.

President Biden has led our federal government back to being a relevant force to help Americans in crisis. Historic legislation like the American Rescue Plan, the Infrastructure Law, the Gun Violence Reduction Act, and, most recently, the Inflation Reduction Act, amounts to the greatest investments the federal government has made in the American people in years. These investments have brought, nationwide unemployment down to the lowest rates we've experienced in the past 50 years.

Here in Minnesota, our outlook under Governor Walz is even brighter, with billions of dollars in state surplus, the creation of 91,000 jobs in the past year, and reaching the lowest unemployment rate of any state on record ever.

While factors like these create opportunities and challenges for our city, the City of Saint Paul is well positioned with a strong City Council, with strong staff and cabinet members, and most importantly, with a community of support that positions us well to move beyond simply rebuilding from the pandemic, to strengthening our foundations for the future.

Even in the face of incredible headwinds we faced, we have made momentous strides together over these past five years. We've raised the minimum wage, eliminated library late fines, launched college savings accounts and guaranteed income programs, provided emergency relief to help families and businesses get through the pandemic, and so much more. I'm forever proud of the ways we are reinventing city hall to be more relevant in the lives of more of our residents than ever before.

We are searching out new ways to care for one another and creating new pathways to realize our vision of a city that truly works for all of us. This sacred work must and will continue, just as we have over these past several years: by engaging the many voices in our community to shape a future together.

Our challenge is building our interventions to last, with policy and investment decisions that meet the demands of the moment, while paving the path to our vibrant future.

With a \$20 million budget gap, a 9% annualized inflation rate, and a court ruling that compels us to change the way we fund street maintenance, balancing the competing demands to construct our 2023 budget proposal is more challenging than ever.

My proposed budget is a tale in two parts, which add up to 15.34%, or an average monthly increase of \$19.25 for a median value home.

Our largest task that we must address in this budget is compliance with the court order that unravels the structure we've used to fund street maintenance for two decades. My proposed budget accomplishes this task by shifting \$13.3 million from assessments to the property tax levy.

To be clear, every single dollar of that increase, which represents over half of the total increase I am proposing, would have otherwise been collected from Saint Paul property owners through street assessments. It neither reflects an increase in the amount of funds we have to spend next year, nor solves the significant street maintenance challenges we've inherited. This shift simply takes \$13.3 million that we expected to collect from property owners through street assessments and raises those same funds through property taxes instead.

The second task of this budget is to fund the city's ongoing operating expenses, address rising costs of everything from salaries to fuel, and identify new ways to support residents and businesses. My 2023 proposal addresses these needs through a 7.6%, \$13.3 million increase to our property tax levy to support our City's core operating budget.

This budget centers on the basics of municipal government: improving public safety outcomes, repairing city streets and city-owned buildings, and addressing permitting backlogs so residents and businesses can efficiently and effectively reinvest in our community.

First: Safe, stable neighborhoods are the foundation upon which every other ambition must be built. The nationwide surge in violent crime we saw after the onset of the pandemic has brought some of the most traumatic experiences our city has ever endured, including a record number of homicides in 2021. We have invested heavily in our police department to address these challenges.

Earlier this year, we graduated the largest police academy in city history. We accepted a COPS Grant from the US Department of Justice that allowed to double down on these hires. Two dozen new cadets began their training this week, and we expect to launch yet another academy before the end of this year. These investments will ensure our department can manage attrition and hire up to their authorized sworn strength of 619 officers.

And yet, we recognize that while the work of our first responders - our police officers, firefighters, and paramedics - is sacred and vital, our comprehensive public safety framework must be far more proactive than emergency response alone.

Over the past five years, thousands of Saint Paul residents have joined us to envision a public safety framework that reaches beyond emergency response to build strategies to improve public safety outcomes in our neighborhoods, together. That vision has set us on the path to realize the most coordinated, comprehensive, and data-driven approach to public safety our city has ever endeavored.

Last year, we convened a 48-member Community-First Public Safety Commission to re-envision emergency response. Composed of a broad array of voices from our community, the Commission's 400-page final report offered an array of recommendations, including creation of an office to support our Community-First Public Safety framework.

We've since established Saint Paul's Office of Neighborhood Safety, welcomed our first Director, and launched Project PEACE, a new initiative focused on deterring gun violence in our community through prevention, environmental design, accountability, community action, and enforcement.

Just last week, we invited community members to apply to serve on our new Neighborhood Safety Community Council. This group will help shape the strategies and investments of the Office of Neighborhood Safety and decide how to leverage \$4 million in ARP investments we'll make in neighborhood safety grants across our city. I look forward to the group convening this fall.

One of the most predictable cycles in any city is that survivors of gun violence are more likely to become victims and perpetrators of violence in the future. To interrupt these cycles, my 2023 proposal includes a significant investment in our Office of Neighborhood Safety to provide wraparound services for victims of gun violence, operating supports for youth and families, and community outreach workers to help these resources land in the places where they can make the biggest difference.

As we march towards the selection of a new Chief of Police, I want to thank Interim Chief Jeremy Ellison for his service, whose forward-thinking, comprehensive approach to public safety moves our city forward, every day.

One key element of our public safety strategy is evolving from the one-size-fits-all approaches of our past, to comprehensive optimal response systems, where professionals like social workers, housing counselors and EMTs provide needed help to residents in moments of crisis while our first responders address the most acute emergencies we face.

As part of our community-first portfolio, we've also maintained our efforts to connect people experiencing homelessness to support, services, shelter, and long-term housing. Our Homeless Assistance Response Team - or HART Team - is our newest addition to this body of work, and my 2023 proposal includes \$100,000 in additional funding for this critical work.

We don't have to look far for a powerful proof point of the impact optimal response strategies can have.

Our Basic Life Support Unit, housed in our Saint Paul Fire Department, has now taken over 10,000 calls for service, citywide, offloading 15% of the less serious calls for medic service our firefighters would otherwise respond to.

This cost-effective intervention adds critical capacity to our department, leaves paramedics and firefighters available to respond to emergencies, and has improved our response times to paramedic calls by nearly a minute. In a medical emergency, those critical seconds can be the difference between life and death.

In support of this comprehensive approach, my 2023 proposal includes 6 BLS medic cadet positions, along with the restoration of 2 Arson Investigators, and bringing our newly created Alternative Response Deputy Chief onto our general fund to sustain this position in our Fire Department.

We're also poised to break ground on Fire Station #7 in early 2023, while we work to complete improvements on Station #51. Combined with these new spaces that will support an array of service resources, our department will expand the tools they have available to optimally respond to the wide array of response needs even more quickly with the right resources across our city. Simply stated, we'll have more of the right resources, where we need them, when we need them most.

Our streets, sidewalks and bikeways are among the most vital assets we are entrusted with maintaining. At the center of this work is our nationally accredited Department of Public Works that designs, constructs, and maintains more than 1,870 miles of streets, 330 miles of all alleys, 107 bridges, and 145 miles of bike lanes supported by 375 signalized intersections and 38,000 streetlights across our city.

Over the past year we've completed the three-year Downtown Sidewalk and Paving improvement project, improved pedestrian right of ways, expanded our Capital City Bikeway, created a new web-based Snow Emergency Parking Map tool, and have begun creating a comprehensive transportation plan for our Rondo neighborhood and adjacent areas at the center of our city.

We have completed engineering and design of the Kellogg/ 3rd Street bridge and expect to begin reconstruction of this key gateway to the East Side in the coming year. I am grateful for our close partnerships with our state and federal legislative partners. Without their focus on keeping this project front and center, we would not be able to do it.

My proposal also includes an annual investment of \$4 million for the City's first-ever Residential Mill and Overlay program to improve the road surface conditions, extending both the life and longevity of roads in our neighborhoods.

Our Department of Safety and Inspections is also working to support businesses and residents as an array of pre-pandemic activities bounce back across our city. We're exceeding expectations related to businesses activating and reactivating licenses, including increasing requests for sound level variances. This is clearly a sign that more and more in our community are reconvening again in spaces together across our city.

To support DSI's vast portfolio of services, my 2023 proposal shifts 3 FTEs that support our unsheltered response efforts to the general fund, as well as 2 FTEs that support rent stabilization, following the addition of this division earlier this year.

To help clear backlogs and ensure timely processing of an array of commercial and building processes, my 2023 proposal also adds a Building Inspector, Assistant Building Official, and a Sheet Metal Inspector. These positions will focus on service delivery for code compliance, sustainably built environments, and increased construction development.

I want to thank our Department of Safety and Inspections for taking the lead in convening stakeholders to work through changes to improve the rent stabilization measure voters approved last fall. I've long been clear that we need to make improvements to the policy to ensure it truly works for our city. As our City Council works to update the ordinance, including passing an exemption for new construction, I look forward to signing it as soon as it reaches my desk.

Just as businesses and residents across must reassess, renovate, and improve the homes and buildings they occupy, so must our city government. Our first-class public services all rely on safe, well-maintained spaces to house them. In 2023, we will issue new bonds to address \$24 million in deferred maintenance needs at city facilities. This crucial funding will help revitalize well-used public facilities by replacing gym floors and field lighting, restoring walkways and stairs in our libraries, and making critical upgrades at our animal control facility. By making this investment now, we're tackling long overdue needs that will benefit our entire city.

We are a city with momentum. A city on the rise. And a city with much to show for the investments we are making in our community. Our \$1.5 million ARP investment to eliminate participation fees for youth sports in our recreation centers has brought over a thousand more signups for our upcoming fall season than just one year ago. We've nearly doubled the number of flag football and lacrosse teams, added 15 new soccer teams, and expect an even larger increase in basketball registrations this fall. We've also surpassed 81,000 visits to our outdoor pools and welcomed 150,000 more visitors to Como Zoo than this time last year.

To keep up with this widespread demand, in 2023 we'll leverage \$1.2 million in ARP funds to restore 25 FTEs for recreation and aquatic facilities reduced during the pandemic. We will also grow the Right Track youth employment program using ARP dollars to add another 4 FTEs to support this expansion.

We've spent three years in design, community engagement and site analysis for the North End Community Center project. The project will include a new 25,000 square foot building and programming enhancements to the adjacent 6-acre park. Onsite stormwater mitigation will contribute to water quality of adjacent lakes and rivers, and the site will use a geothermal energy system and roof-top solar arrays to be a leader in responsible energy use. We are excited to break ground on the project this fall.

Earlier this spring, we launched our historic electric vehicle carshare fleet and charging station network, the first 100% renewably powered, municipally owned carshare in the country. Nearly 40% of drivers using this new mode of transportation are low-income, and usage so far has peaked at 250 trips in a single day, providing an affordable means of transportation while reducing transportation emissions in our city.

Through our Department of Planning and Economic Development, we provided \$7.8 million in emergency rental assistance to renters struggling to stay in their homes during the pandemic. We preserved more than 1,000 affordable rental units through the 4D program and have awarded projects that will result in 100 units of deeply affordable housing through our 30% AMI program. We eliminated parking minimums and invested in rising leaders through an Emerging BIPOC Developer Boot Camp, and tech training scholarships.

We are watching our big vision for Highland Bridge come to fruition, with new housing, commerce and public parks that will serve our city for generations, as we advance a vision that will provide 1,000 new housing units and 1,000 new jobs, and 20 acres of new open space at our former Hillcrest Golf course.

Through our Office of Financial Empowerment, we have opened college savings accounts for over 7,000 babies and raised over \$18 million into our Fund for the Future to make college savings a core ethic in our city for good, while providing vital assistance to low-income families with young children through our guaranteed income pilot.

The tie that binds all of these strategies together is our dogmatic drive to invest in ourselves. We have realized that the traditional approaches to city building are too often outwardly facing - investing to recruit residents, workers, innovators, and businesses from the outside, while leaving existing community members to struggle on their own.

Our approach is the opposite: to double down every day, betting on the limitless potential that flows within every child, every family, every worker, every business, in every neighborhood of our city. And we will not stop.

While our local tax base expands and our local economy grows, we still have work to do to address the historic disparities we've faced. Some of those disparities are the result of global considerations, and some are the direct result of decisions we have made locally. While we address the issues, concerns, and the need for equity across our community, we must know that the root of equity is not a social justice word but a money word.

At business school, when my dean said equity, she meant money. She meant ownership of appreciating assets. She meant participation in decision making processes. And she meant participation in the economy so when our tax base grows, it's easier for someone to access housing and to feed their children.

That drive toward equity and participation in decision-making processes is why we are so focused on engaging community members in the processes that govern our budget, the processes that govern how we launch new programs, and the processes that shape how we hire our cabinet.

That definition is why it's so critical that we check back in with our residents and our community stakeholders every chance that we get. We know some of the disparities and challenges that we face are based on global headwinds, but some of them are rooted in decisions that we've made right here in our city.

There is no greater example of the latter than the legacy of Old Rondo, the once-thriving community that was decimated to build the freeway that runs through the heart of our city. While we have publicly expressed our public remorse for those actions, remorse alone will not replace the over \$100 million in wealth destroyed by those actions.

Today, I am proposing the launch of the Inheritance Fund, a long-term undertaking to help low-income sons and daughters of Old Rondo achieve home ownership and rebuild the family inheritances that were destroyed to build the freeway.

In addition to the \$40,000 currently available for qualifying residents under 60% Area Median Income, I propose repurposing existing Affordable Housing Trust Fund dollars to offer an additional \$50,000 in fully forgivable down-payment assistance, plus an additional \$10,000 if they choose to remain in the Rondo Community, for a total of up to \$100,000 in fully forgivable loans to help low-income descendants of Old Rondo achieve homeownership and build wealth for their family.

My 2023 proposal builds on the momentum our city has realized together over these past 4 years. It reflects the same values our administration has been built upon that we've included in every decision we've made. It moves us forward, adds capacity, and bolsters the broad array of city services our community relies on alongside investments in streets, building maintenance, safety, and inspections backlogs, the rebuild of Kellogg Bridge, and a new Inheritance Fund to expand home ownership in our city for those impacted by the construction of Interstate 94.

20 years ago, City leaders promised us we could maintain the first-class public services, the first-class public spaces, and the first-class transportation infrastructure we've come to rely on without making new investments. Those are the bills coming due today. And we will not repeat these mistakes moving forward.

It's in this spirit that we've invested boldly in our streets, our bridges, our infrastructure, and our buildings. It's in this spirit that we boldly re-envisioned Ayd Mill Road, addressed Emerald Ash Borer, invested in replacing our lead pipes in our water system, and relentlessly pursued energy improvements to make our buildings more efficient.

Today, my 2023 budget proposes a path moving us past the decades long issues we've been working to address, to benefit our city for generations to come. This path is not new; it is one we have built together. And it's a path that I am confident we will continue to chart together for as long as I have the privilege of serving as Mayor of this great city. We truly are building together a city that works for all of us. Thank you.