



Mayor Melvin Carter's 2024 Budget Address

Thursday, August 10, 2023

Thank you Council President Brendmoen.

I am profoundly grateful for your friendship and service over these 12 years, during which you have been a champion for progress and inclusivity, and an advocate for everything that makes Saint Paul the incredible capital city we are today.

You have helped reshape not only the vision of our city but the makeup of our City Council. When you were first elected in 2011, just one woman sat at that table in Council Chambers.

Now, there are four, with even more announcing candidacies and ready to step into service.

Because of your leadership, our council is far more reflective of the incredible diversity we enjoy in our community.

Thank you all for being here.

To our First Lady, Dr. Sakeena Futrell-Carter, I thank you for joining us today.

More importantly, I thank you for being there for me and with me every day as my life partner, my co-parent, my wise counsel and my best friend.

Members of the City Council, City administration and staff, state delegation members, and all of you joining us today in person or by live stream, thank you for being here.

And thank you to the lovely voices of the Marvella senior community for that beautiful rendition of our National Anthem.

I am honored to serve as your mayor.

Following another year of victories and opportunities, I stand before you to present my proposed budget for 2024.

With the incredible progress we've made as a city, I am more hopeful than ever that the legacy we're building together is certain to provide future generations a safer, more equitable, and more prosperous Saint Paul.

We gather today at the center of our new Highland Bridge neighborhood, a location that exemplifies the spirit of progress and transformation that defines our vision for Saint Paul.

This 122-acre land is undergoing a remarkable transformation from a vacant Ford assembly plant to a vibrant mixed-use neighborhood, infused with vitality, diversity, and eco-sustainability.

I am thankful for incredible partners like Ryan Companies, Common Bond Communities, Project for Pride in Living, and Habitat for Humanity who are all working together to deliver a 21st century community here, complete with the affordable housing necessary to ensure that it can be enjoyed by all.

I want to express my gratitude to the City Council, city staff, and community partners for their unwavering support and collaboration in this project.

Highland Bridge serves as a powerful reminder of what we can achieve when we come together.

That's good news for all of us, especially as we recently broke ground in partnership with the Port Authority, Sherman Associates, JO Companies and Habitat for Humanity on our other 100-plus acre site, The Heights.

In particular, I want to commend Council Member Chris Tolbert for his leadership and service to guide this development to where we are today.

Council Member, your friendship and guidance have been key to crafting the future of our city, not only with regard to this development, but in raising the minimum wage, establishing earned sick and safe time, launching our Right Track youth jobs training program, and most recently, putting us on the road to eliminating the lead service lines that still connect thousands of Saint Paul homes to our water main.

As you look to the next chapters of your life, your leadership will be missed.

Each year, the arduous process of producing a budget proposal proves to be one of the most important and challenging aspects of my job as mayor.

Our team has spent the past several months calculating inflation impacts, projecting gaps, brainstorming savings opportunities, poring over proposals, and of course, engaging

community members in this process. It takes an enormous amount of time and energy to prepare.

But that's not what makes it the hardest part of my job.

Every year, we start this process with a gap to solve, between \$12 and \$20 million dollars.

The costs to fuel every firetruck, ambulance and police car; to heat and light every rec center and library; and yes, to compensate the heroes who care for our families, businesses, and infrastructure, have all risen for the city just as they have for everyone else.

Managing these challenges requires creativity, and a careful eye for opportunities — like optimal responses to 911 calls, and virtual inspections — to create value for our constituents while forging cost-efficient evolutions to our business models.

But that's not what makes budgeting the hardest part of my job either.

A city of our size faces at least a handful existential crises at any given time:

A national increase in violent crime since the onset of the pandemic;

millions of dollars in deferred maintenance in our streets, parks, and city buildings;

residents experiencing unsheltered homelessness;

an ongoing Emerald Ash Borer epidemic,

and a rising threat of invasive and expensive cyberattacks against cities are just a few examples of the daily crises we face, each of which rightfully deserves our full focus, attention, and investment.

And yet it is impossible to fully invest in any one of them without neglecting the others.

While the pressures of our rapid news cycles constantly pull us to focus on only one issue at a time, our job is to stay focused on the full portfolio we steward, reminding ourselves daily that one cannot fully see the trees without seeing the beautifully diverse urban forest that makes up our city, both literally and figuratively.

All things considered, the hardest part of this budgeting process is bearing the weight and balance of our investment decisions.

We hear often — because it's true — that any increase in taxes is shouldered most heavily by our lowest income families and smallest neighborhood businesses.

But it's easy to forget that those same families, those same businesses also bear the brunt when we disinvest community services and infrastructure. Finding that balance proves to be our toughest task every year.

We are very fortunate to have an outstanding team in our Office of Financial Services to help us manage this responsibility.

Thankfully, we had more help than ever in preparing this year's budget.

Investments made by our federal government under the leadership of President Joe Biden, Vice President Kamala Harris, and our incredible federal delegation provide us opportunities to make critical investments in our neighbors, our workforce, and our city infrastructure.

These game-changing investments, including the American Rescue Plan, Infrastructure Investment and Jobs Act, and Bipartisan Inflation Reduction Act combine to form the deepest direct investment in the American people since the New Deal, as our nation continues to recover from the COVID-19 pandemic.

Right here at home, Governor Tim Walz, Lt. Governor Peggy Flanagan, and our state legislative leaders have worked together at the Capitol to deliver, in historic fashion, critical resources to help local communities thrive.

For the past two decades, we've heard our mayors say the letters "LGA" more than a handful of times.

Local Government Aid is a state program designed to help communities like ours deliver critical city services and control property taxes.

It's no coincidence that since the deep cuts to local government aid in 2003, property taxes have risen sharply across the state.

It's no coincidence that this last year, the state legislature fielded a record number of requests from communities of all sizes across our state, for approvals to increase sales taxes to help fund city government expenses.

This year, after a 20-year lapse, the Walz/Flanagan Administration and the state legislature delivered an \$80 million dollar investment to boost LGA statewide, resulting in an \$8.8 million increase for Saint Paul.

The budget I'm proposing today uses these funds for the exact purpose which they were designed to serve: to control property taxes.

My 2024 budget proposes an increase of 3.7%, or \$7.4 million, to our city's property tax levy.

Because of shifting values to commercial and industrial properties, the impact of this modest increase on a median single family home would be a property tax decrease of \$26.

To be clear, without the LGA boost we got from our state government leaders, we would have had to increase taxes by 8.2% — more than twice our actual proposed increase — in order to balance this budget.

State leaders additionally delivered for Saint Paul a \$13.6 million allocation in Public Safety Aid, and over \$120 million in state bonding to help finance critical construction projects like replacing the Kellogg Boulevard bridge and bringing to life our North End Community Center and River Learning Center in Crosby Farm Regional Park.

This funding helps address our current needs, and the aspirations we hold for tomorrow.

We are enormously grateful for what this funding does for local communities like Saint Paul.

As stewards of our public resources, our responsibility is to never ask taxpayers for more than we need; to never spend more than we have; to seek out smarter, more efficient approaches to meet constituents' needs; and to stay intentional about passing our city to our next generation of leaders in a stronger position than we found it.

We take those responsibilities seriously.

We have worked hard to add millions to our city's emergency reserves, and to manage spending carefully in an era of runaway inflation.

And just this week, on the heels of news of a downgrade to our federal government's credit rating, both S&P and Fitch have reaffirmed Saint Paul's AAA credit rating, the highest rating possible.

This budget continues our trend of leveraging one-time funding sources for exciting new proposals, while also recommending key general fund investments focused primarily on gun violence prevention, and provision of key central services.

Notably, my proposal to fundamentally improve the quality of our citywide streets is the sales tax proposal which will go to voters this fall.

Since day one, we have endeavored to build the most coordinated, comprehensive, and data-driven approach to public safety that our city has ever endeavored.

This effort is driven by our Community-First framework, grounded in public engagement, research, and real time data.

We leverage cross-sector collaboration among our police and fire departments, Office of Neighborhood Safety, and parks and libraries to make the greatest collective impact on violence reduction.

And we are making smart investments in emergency strategies that enhance our ability to respond faster after something terrible happens, while at the same time investing in community-focused solutions to identify and break neighborhood-level cycles that inevitably result in crime.

The strength and efficiency of our first responders is vital to our public safety efforts. While we celebrate the progress we have made, we must remain steadfast in our pursuit of excellence.

I am grateful to Governor Walz and Lieutenant Governor Flanagan for recognizing the need for world-class public safety infrastructure and passing a tax bill that invests heavily in local public safety efforts across the state.

With the \$13.6 million in one-time public safety aid, we have the opportunity to enhance and expand upon our commitment to the reduction, prevention, and enforcement of violent crime.

Between general fund dollars and state aid, we're poised to invest nearly \$9 million into our fire and police departments.

As an all-hazard response agency, our SPFD personnel don't just respond to fires. They are also often the first to arrive at medical emergencies. Our fire department is also the busiest fire department in the state.

Over the last decade, SPFD has experienced a 64% increase in run volume. Last year, our fire department responded to over 61,000 calls for service, and are on pace to exceed 65,000 in 2023.

In keeping with our resolve to build cost-efficient business models, Chief Inks and his team have recently launched a peak staffing pilot, complementing our 24-hour staffing model for the first time with the ability to boost department capacity during times of predictably

higher demand.

We have also added significant budget and staff capacity, and even installed saunas to combat elevated cancer risks in firefighters.

I am excited that we have two fire station projects on the horizon.

Our newest station, Fire Station 7, will be built on the East Side, and is slated to break ground this fall, with an early 2025 opening.

Reconstruction of Fire Station 51 on West Seventh is also under way.

The station will still be safely functioning during this project, which is expected to be complete early next year.

Renovation and reoccupation of Station 51 after 13 years of alternate use will grow the number of operational fire stations from 15 to 16, allowing us to strategically place resources to support our downtown public safety needs, entertainment corridor, and respond to the needs of our most vulnerable residents, the unsheltered.

This budget proposes building on that momentum by continuing to boost capacity in our BLS response teams, funding paramedic and EMT training for firefighters, purchasing new self-contained breathing apparatus, and a long overdue upgrade to the fitness equipment available to our firefighters in our stations.

As the son of a Saint Paul first responder, I am keenly aware of the critical role our firefighters, paramedics, and emergency medical technicians play in protecting our community.

I'm proud of the deep investments we've made in our fire department since I took office.

And I'm proud of the ceremonial ax at my office door, which was presented to me by leaders in our fire union in recognition of those deep investments.

To the firefighters in attendance today, I see you, and I am as eager as you are to resolve your contract.

Our city team remains willing to negotiate in good faith, and we look forward to resolving all of these issues in the coming weeks.

Just days ago, our city was thrust into mourning, as we awoke to news that the life of Markee Jones, a 12 year old boy, had been stolen by a bullet.

While much remains to be learned about the circumstances of Markee's death, two things are certain. One: it never should have happened.

And two: it happens all too often. Today, guns are the leading cause of death among American children.

Please join me in a brief moment of silence for Markee, his brother, and the entire Jones family.

Thank you.

I know that you, like me, are tired of gunfire.

Tired of moments of silence.

Tired of never should have happened.

I know that you, like me — and fortunately like our new Chief of Police, Axel Henry — understand that there are no simple solutions, no magic singular answers to end the complex challenge of gun violence in our community.

And I know that you, like me, are unwilling to stop there. We are all in to eliminate gun violence in our community.

In the past year alone, we have worked together with Attorney General Keith Ellison to hold accountable gun stores who sell with impunity to straw buyers.

We have worked with our City Council to pass a safe storage ordinance, which requires firearms to be locked and unloaded to help prevent access by unauthorized users.

And we launched Project PEACE, led by our Office of Neighborhood Safety, focused on deterring gun violence in our community through prevention, environmental design, accountability, community action, and enforcement.

Our work is making a difference.

Compared to 2022, shots fired calls this year are down 40%, crimes involving a firearm are down 36%, non-fatal gunshot wounds are down 38%, and our police department's homicide unit continues to outpace national averages with a 100% clearance rate for homicide cases.

But arresting people after they commit a crime isn't good enough.

I almost daily hear Chief Henry equate making an arrest after a crime has been committed to winning a bronze medal.

The gold standard is preventing the crime from happening in the first place, such that no arrest is necessary.

My public safety team has worked together, and in close partnership with Ramsey County Attorney John Choi, to leverage state public safety aid with an intensive three year, \$7.5M plan to double down on our progress to further reduce gun violence in our city.

Over the three-year commitment, we will focus on key areas of prevention, intervention, and response.

This solutions-based approach will be methodical and built on the strengths of collaboration among our local partners.

This initiative will be interwoven into the resources and programs within our Office of Neighborhood Safety and City Attorney's Office which have already proven effective, enhancing our ability to wrap our arms around our communities when they are in crisis.

And we will equip our police department with the resources they need so that we can bring the same level of presence and attention toward investigating and holding accountable those responsible for non-fatal shootings in our city, just as we do for fatal shootings.

We will demonstrate to anyone and everyone who needs to know that our beloved community here is the fantastic place to find opportunity, and the wrong place to fire a gun.

The foundation of this proposal is a commitment to working on the business of city government, so our city government leaders can work on the business of serving people.

We've embarked on a simple vision to transform a dozen distinct city departments into one citywide enterprise. There is no better example of this phenomenon than the historic snowfalls we experienced this past winter.

For years, our city's Public Works Department has struggled with where to put cars in a snow emergency, so we can plow the streets.

As an individual department, there is no viable solution.

As part of a citywide enterprise however, Public Works is in surprisingly close proximity to the ramps our Housing & Redevelopment Authority owns downtown, as well as the lots in front of every rec center and library.

We added a significant amount of value and got the snow plowed better without spending a single penny, all thanks to our enterprise thinking.

As we engaged our Cabinet around the investments that can most unlock our ability to operate as an enterprise, our mostly internal-facing, central services departments quickly came into light.

All of the jobs we rely upon the city to perform require functions like Human Resources professionals to train staff and fill vacancies, financial services staff to analyze budgets, manage grants and process payments, and 21st century digital infrastructure to support employees and increase constituent access to critical city services.

The budget I am submitting to you today proposes investments in each of these areas totaling more than \$1.7 million.

Two decades ago, city leaders, under the banner of “no new taxes” kept our property tax levy flat for 12 years straight.

Some of us cheered, while others worried about the short-sightedness of their approach — no family or business can thrive without increasing their financial capacity for over a decade, and a city can't either.

Today, we feel the impacts of that disinvestment every time we walk or ride down the street; every time we visit a city building; every time we step into a city park.

While a newly constructed street has a 60 year expected lifespan, we inherited our streets on a 124 year replacement cycle when I came into office.

As I've shared before, the last time Summit Avenue was reconstructed, William Howard Taft was President of the United States.

And because I've had a number of people ask me just how long ago that actually was: Taft's first and only term as President began in 1909...114 years ago.

This year's budget proposal is all about building opportunity, and now is our city's time to invest in our future and provide the next generation with long-term solutions that lay the foundation for more equitable outcomes.

As a community, now is the time for us to have thoughtful and candid conversations about the state of our infrastructure and decide how we move forward together.

At the core of this vision is our local option sales tax proposal, which we will all decide together on the ballot this November.

Not only does this proposal present our only viable option to date to proactively fund the improvements our streets and parks so urgently demand, it uniquely invites thousands of non-resident users of our streets and parks to contribute to their upkeep.

While our sales tax proposal will not fund police, fire, recreation or library services, not passing this proposal will severely strain the resources available for all of those functions in the coming years.

Make no mistake about it: whether we like it or not, whether we plan for it or not, we will have no choice but to spend hundreds of millions of dollars improving our citywide streets and park spaces in the very near future.

I look forward to a big citywide conversation this fall about how passing our sales tax proposal is the key to meeting those obligations while continuing to build toward the big future that lies ahead.

At the core of our shared vision for Saint Paul lies a deep understanding of our city not just as a collection of streets and bridges and buildings, but as a family; an interconnected group of people who know that caring for each other is caring for ourselves.

Through some of the toughest years in our city's history, I'm proud that we never stop working together to find new and creative ways to care for one another.

We have launched our nation leading guaranteed income pilots to directly invest unconditional cash to help low income families with young children achieve their full potential;

We've launched CollegeBound Saint Paul, starting every child born in our city with \$50 in a college savings account, planting their very first seed of *opportunity* to realize the dream of post-secondary education.

And our Inheritance Fund provides descendants of Old Rondo, whose homes were uprooted to build I-94, *opportunity* to reclaim lost value through fully-forgivable loans designed to facilitate wealth creation through homeownership.

What was once a bold idea is now a reality for people like Anthony Bradford, our very first Inheritance Fund homebuyer, who is here with us today.

These bold new approaches — all of which we once believed to be beyond the scope of City Hall — are expanding our mental framework for how local government can be directly relevant in helping our neighbors find economic freedom and self-sustainability.

We're going to keep doing that.

Last year, I proposed leveraging American Rescue Plan funding to eliminate participation fees for youth sports.

That policy received an overwhelming response — both from families who came flocking back to our recreation centers, and from local and national media, who lauded the instant success of our simple value proposition.

This year, I am proposing to build on that momentum with a \$250,000 investment to support free swimming in city-owned pools.

This proposal would include swim lessons for 2,500 youth ages 10 and under, and a water safety education curriculum to foster a culture of safety and empowerment in the water.

I expect this proposal to have the same impact on our pools that eliminating participation fees had on our recreation centers last year.

Finally, five years ago, we realized that late fines were keeping people away from our libraries.

We forgave and eliminated the fines, and experienced double digit growth in library use in all of our lowest income neighborhoods. That policy has been a smashing success by all counts.

I have spent the past several weeks learning about another type of debt that operates dangerously, within a similar dynamic.

Every day, one in two Americans have to choose between paying medical bills or covering basic needs.

Two out of three bankruptcies cite medical debt as a leading cause.

And nearly 50% of adults in our country have delayed or skipped medical care at some time in their life for cost reasons.

We are joined today by representatives from Allina Health, Children's Minnesota, Fairview Health Services, Health Partners.

Would you please stand and be recognized?

We all agree — especially in our post-pandemic reality — that the idea of medical debt acting as a barrier that keeps our neighbors from accessing health care is simply a nonstarter.

So we have all worked together to build our Medical Debt Reset Initiative, a public-private partnership to be administered by a national organization called RIP Medical Debt, which has purchased and forgiven over \$9 billion in medical debt nationwide over the past decade.

RIP Medical Debt estimates that Saint Paul residents in households that earn less than 400% of federal poverty guidelines, or whose debts equal 5% or more of their annual income, likely hold just over \$100 million in outstanding medical debt.

Leveraging their proven 100:1 payoff model, I am proposing a one-time, \$1 million investment of American Rescue Plan funds to purchase and completely eliminate all of it.

Our Medical Debt Reset Initiative will be a triple-win for Saint Paul:

Patients will be free from an economic stressor, and thus more able to afford basic necessities and feel comfortable seeking healthcare.

Our health systems will benefit from moving uncollectible debts off their books, ultimately improving their ability to assist low-income patients.

And our entire community will benefit from addressing a major social determinant of health, enhancing health equity, addressing the economic and health impacts of the pandemic, and addressing the impact of inflation and housing costs over the last few years.

This program is not just about wiping away debts; it is about giving people a chance to breathe, to rebuild, and to reclaim their lives without the weight of medical bills crushing their aspirations.

It's about taking care of ourselves by taking care of each other.

To be clear, our Medical Debt Reset Initiative is a point in time initiative; we still have work to do together, with insurance providers and legislatures all working together, to ensure equitable access to health services for every member of our community.

That work starts with reminding our relatives, friends, and neighbors on Medicaid to be sure to re-enroll this year so they don't lose their healthcare coverage as our state is required to resume benefit renewal requirements suspended during the COVID-19 emergency.

As I close this year's budget address, I do so with great pride knowing that each and every day we give our full effort toward building a city that works for all of us.

We've made it our mission to reframe our thinking of what local government can be and how it can be relevant in people's lives.

This shift in perspective has led us toward great opportunity, unprecedented investments, and groundbreaking innovations, all in service to you - to our community.

I am excited for what the future has in store for us.

As always, this address is neither the beginning nor the end of our budget process, but a midpoint.

As always, our City Council will spend the next several months poring over, and holding public hearings to discuss every penny proposed in this budget.

As always, the final budget we adopt in December will be an evolution of this proposal, responsive to new ideas, changing ground truths, and public feedback.

Finally, as always, the funds we discuss in this process do not belong to the Mayor's Office, to the City Council, or to any city department or leader.

As these funds belong to all of us, putting them to their best use is a job for all of us together.

I look forward to the process.

Thank you.

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