

**OFFICE OF MAYOR MELVIN CARTER
CITY OF SAINT PAUL**



2020 BUDGET ADDRESS
THURSDAY, AUGUST 15, 2019
REMARKS AS PREPARED FOR DELIVERY

Good afternoon, and thank you for joining me today. We have worked hard to build a budget that reflects our values, and addresses current needs while building for the future.

In the face of increasing uncertainty and chaos in our national politics, and seeds of hate and division sown everyday from our country's highest post, our actions at the local level matter more than ever. We must take action to protect and lift our communities, even in areas traditionally entrusted to the federal government.

We must act locally to protect our immigrant and refugee neighbors from immoral and unjust targeting by our own federal government. We must act to protect our environment and adapt to the impacts of climate crisis on our city. And just in the last couple of weeks, we have lived through even more harrowing reminders of the cost of our inaction on sensible legislation to reduce gun violence.

Our hearts go out to the victims, survivors and first responders in El Paso and Dayton, and to the 6 police officers wounded in Philadelphia yesterday. No one described the moment better yesterday than Philadelphia Mayor Jim Kenney:

"Whether it's our six officers who were shot or it's some 15, 17, 20-year-old kid... on the streets who gets shot with guns that shouldn't be in people's hands, it's aggravating, it's saddening and it's just something we need to do something about..."

"Our officers deserve to be protected and they don't deserve to be shot at by a guy for hours with an unlimited supply of weapons and an unlimited supply of bullets. It's disgusting and we have to do something about it."

We echo and agree with Mayor Kenney's heartfelt words, send our prayers and well wishes to all families in Philadelphia, El Paso, Dayton and Saint Paul whose lives have been impacted by gun violence, and stand in solidarity with millions of others across our country to demand sensible legislation to prevent gun violence, both in Washington, D.C., and right here in Minnesota.



I am honored to serve as mayor of this incredible city, and appreciative of this opportunity to present to you my 2020 proposed city budget. Building a city that works for all of us requires bold investments, deep public engagement, innovative approaches to city-building, and strong financial management.

Our leadership team works everyday to deliver. I am proud to report that we closed 2018 under our approved budget and with a \$5 million surplus contribution to fund balance — despite the expensive series of unexpected events we experienced last year, ranging from flooding on the Mississippi River to a rock slide that cost \$1 million to cleanup.

Additionally, our AAA credit rating was reaffirmed this May by both S&P and Fitch.

Our strong financial management positions Saint Paul well, and provides confidence that our city government will be strong stewards of our public dollars.

As I have shared before, it costs more each year just to continue doing the same things as before. We started this year's budget process facing a \$17.1 million budget gap, due in large part to salary growth for city workers and public safety staff. Simply put, that means operating the exact same city government next year as we did this year, with no new investments or programs, would cost us \$17 million more.

We thank Governor Tim Walz and our partners in the legislature who wisely invested to increase local government aid during this year's session; the additional \$4 million in revenue that brought to the city proved critical right away. Still, there is no simple solution to close our remaining gap.

With values growing in our most challenged neighborhoods, simply raising property taxes would hit our lowest income neighbors the hardest. With millions in critical needs and deferred maintenance in our streets, parks and public buildings, simply cutting public services would create lasting quality of life impacts in our neighborhoods.

At a glance, my 2020 proposed budget closes our remaining gap by combining a 4.85% increase in the city's general fund levy with over \$4 million in spending reductions, impacting every single city department. With our city's tax capacity having grown by 6.4% over the past year, this proposed levy will amount to an increase of just \$55 per year — or less than \$5 per month — for a median value home.

Our proposed reductions include reducing our police department's sworn strength by 5, reducing our fire academy two weeks, and scaling back free programs for our youth. Additionally, to meet growing needs in our recreation centers, I am proposing a \$5 daily fee for all but our lowest income families in Saint Paul Rec Check programs.

None of these reductions are ideal. They represent a set of very difficult and challenging decisions, over which my team and I have agonized greatly. But the exercise also forces us to rethink and reprioritize our business models, and to creatively maximize the benefit of every dollar we spend.

We approached this budget process the same way we approach everything - by engaging community members. As always, I'm inspired by your willingness to help.



A diverse group of more than 200 Saint Paul students, seniors, neighborhood leaders and business leaders plugged into our budget process, through events held in each of our city's 7 wards over the past three months.

We asked for your help to guide not only the specific investments and trade offs that are critical to building a budget, but the underlying values and vision our city budget should advance. In every neighborhood, housing and mental health led our list of priorities.

Beyond that, our conversations uplifted three strong and helpful themes. We see controlling property taxes and reinvesting in our community not as opposites, but as two sides of the same coin; both critical to maintaining an attractive, affordable city. Our guiding question isn't which one to choose, but how to responsibly balance both needs at the same time.

We don't just want new dollars, we want new thinking. Particularly in the key areas of public safety, economic development, and transportation, it's time to replace rhetoric and deficit-based anecdotes in our decision-making processes with real data and sound implementation science to address our changing needs while positioning ourselves for the future.

And we know that simply creating the general conditions for success is no longer enough. Our public dollars must help people - intentionally and directly - starting with our most vulnerable neighbors. With your help, this work has already begun.

Eliminating late fines in our public libraries has resulted in double-digit increases in library use in our lowest income neighborhoods. Our investments in free recreation center programming for youth has attracted 1,000 more children into our after-school programs. Our new EMT Response Teams stand ready to respond to 10,000 calls for service in the next year, keeping our paramedics and firefighters free to respond to our most serious emergencies.

And our Office of Financial Empowerment teamed up with the State of Minnesota and local organizations like Prepare and Prosper earlier this year to help 2500 of our lowest income residents reclaim over \$3 million in federal earned income tax credits.

As excited as I am about the incredible progress we've made over the last year and a half, we have much more work ahead of us. My proposed budget centers on the set of financial decisions, and the new approaches necessary to build Saint Paul for the future.

Any scan of American cities our size will show that Saint Paul is a comparatively safe city, with police officers, firefighters and paramedics who work hard and lead on response times, professionalism, and public engagement.

Nevertheless, national comparisons do little to console a family whose lives have been touched by violence. Every crime committed, every shot fired, and every life lost in our city is one too many.

Our 2019 budget added 9 police officers, and Chief Axtell's decision earlier this year to eliminate our mounted and motor units returned 12 more to front line patrol duties.



Even after scaling back those increases by five, we have more officers patrolling our neighborhoods than ever before, and our police department once again leads all other city departments with a proposed \$4.5 million increase in their yearly budget allocation.

Additionally, our proposal allocates \$2 million to begin reconstructing Fire Station #7 on the East Side, which has long been in need of improvements.

This support for our first responders is critical. As mayor, and as the son of a retired Saint Paul police officer, I see first hand the sacrifices they make to protect our neighborhoods everyday.

Our police department's leadership team has embraced a 21st Century Policing model, and work constantly to make deposits into that "bank of trust" the Chief is always talking about. I want to specifically call out our department's Community Outreach and Stabilization Unit, whose innovative work alongside Code Enforcement and Public Health staff has fundamentally transformed the way we serve vulnerable residents experiencing homelessness, following our tent encampment last summer.

They are partnering with non-profit and social service agencies and meet every week to work together to try to help people into housing and off the streets. Their work adds real value to our residents' lives.

It's also a stark reminder of a warning I hear constantly from the Chief. Because a disproportionate percentage of crime in our city happens in our lowest income neighborhoods, bending the curve on public safety will require "honest conversations about why people are getting into the criminal justice system" in the first place.

A city that fails to address the root causes of economic and social isolation that keep people feeling desperate can never hire enough police officers. Our goal of making Saint Paul an even safer city demands a proactive strategy to identify and interrupt the cycles that keep us responding to crisis after crisis.

Our Community First Safety Framework is built on 3 research-based principles. People who trust law enforcement systems and personnel are more likely to obey the law, call 911 in an emergency, and aid an investigation.

Neighbors who are connected to opportunity and community are less likely to become either an offender or a victim. Neighborhoods that look and feel cared for can limit opportunities for undesirable activity through environmental design.

We have worked aggressively to advance this framework over the past year. Revising use of force policies, expanding our mental health team, rebuilding our K-9 unit and strengthening civilian oversight are critical investments in trust. Raising the minimum wage, expanding youth programs, funding college savings accounts and building affordable housing connect neighbors to opportunity and community support.



Finally, the investments we're making to rebuild our streets, sidewalks and bikeways; remove dead trees; install LED streetlights; and reduce illegal dumping convey that we care deeply about every one of our neighborhoods.

In 2020, we will meet the change in school start times with increased out of school time programs in our recreation centers, to ensure our children always have a safe place to connect with peers and adult role models.

Our City Attorney's Office will launch our ETHOS Program, to divert first-time, low-level offenders away from criminal prosecution to community-based restorative justice circles. And I will propose taking advantage of a new state law that allows us to reduce local speed limits in our neighborhoods, a move that will immediately and quite literally make our streets safer for all of us.

One effort that strongly illustrates the principles of our new public safety thinking in action is an innovative, data-driven two-year pilot project called Familiar Faces.

In partnership with Ramsey County, Region's Hospital, and the East Metro Mental Health Roundtable, our public safety departments have identified less than 3 dozen individuals who, over the course of the past year, have had a collective 740 contacts with police and another 249 contacts with our firefighters and paramedics.

Ninety percent of these individuals have experienced homelessness, and a quarter have a diagnosed mental illness. Through our police and fire departments, probation, courts and local emergency rooms, we spend an enormous amount of resources as a community to lift these individuals out of crisis, time and time again. And yet, these individuals – like so many others – stay stuck in vicious cycles of instability. It's time for new thinking.

Through Familiar Faces, we will team up with our partners to offer transitional housing beds, complete with case managers and peer specialists to help participants access basic needs and benefits, make appointments with service providers, and develop a housing and treatment plan tailored to each participant's circumstances.

Forging pathways to stability will prove more far more effective, and far more cost-efficient, than perpetually responding to crisis. We are also transforming our approach to economic development.

Simply working to attract new companies and workers is insufficient in a city overflowing with potential in our existing businesses and residents. Our definition of economic development must include making it easier to open and grow a business; connecting employers with a ready, multilingual workforce; and helping families find stability and thrive.

Because housing lies at the center of so many of the challenges our families and neighborhoods face, this work starts with continuing our historic investments into our affordable housing trust fund, to build new units of housing, and rehabilitate existing ones to provide safe, stable homes for residents across a broad spectrum of incomes.



It requires us to continue our work with the City Council to develop and pass a fair policy housing agenda to prevent the type of displacement and discrimination that too often occurs as local economies grow.

It means launching our rent supplement pilot, in partnership with our public schools, to provide a \$300 monthly supplement to help low income families with school-age children maintain stable housing and adding staff capacity in our Department of Human Rights & Equal Economic Opportunity to implement and enforce our new minimum wage law.

I am also proposing we expand on the work of our Office of Financial Empowerment with a \$30,000 investment - that leverages \$100,000 in contributions from private and corporate philanthropy - to reduce our "unbanked" gap by helping 5,000 more residents get responsibly banked by the end of 2020, in partnership with a national initiative called BANKON.

Our economic development strategy must also include making it easier to reinvest in a business or home. Last year, staff in our Department of Planning & Economic Development set out to improve our historic preservation processes to make them easier to navigate.

As a result of their hard work, a process that as recently as 2017 took an average of 27 days to complete now takes only 3. That work is critical – processes at City Hall that are confusing or inaccessible only work to limit our potential and exacerbate our disparities, as larger businesses with full time compliance staff make it work, while our small, locally-owned businesses fall behind.

We are now only months away from cutting the ribbon at our Department of Safety & Inspections' new Virtual One Shop space, with self service areas and user friendly kiosks where permit applicants can upload digital plans and meet virtually with staff across agencies.

In the next year, we will implement for the first time our new community driven CIB process, engaging residents and community groups to bring recommendations and help guide \$1M worth of capital investments that make a real difference in our neighborhoods.

And we will continue our public investment in Cultural Destination Areas like Little Mekong, Little Africa, Old Rondo, and District del Sol.

I want to publicly thank Dr. Bruce Corrie, who has led this work over the past 1.5 years as director of our Planning & Economic Development Department, and even before that as a researcher and educator in our community.

We greatly appreciate your tireless efforts to put this important body of work in motion, and wish you well as you return to the world of academia.

Finally, I could not be more excited to announce that thanks to a \$500,000 pilot investment from the state legislature, our moonshot dream to start every child born in Saint Paul on the pathway to college from birth with \$50 in a college savings account is finally a reality, effective January 1, 2020.



The list of people and businesses who deserve thanks for carrying the vision of College Bound Saint Paul would keep us all day, but I would be remiss not to mention. Our College Savings Account Task Force; Minnesota Wild Owner Craig Leopold, who has volunteered to chair our Fund for the Future fundraising committee; City staff in our Office of Financial Services and the Office of Financial Empowerment; and specifically our College Savings Accounts Manager, Ikram Koliso.

Anyone who's travelled our city or opened a newspaper recently knows our public right of way needs a lot of love. Last year's adopted budget doubled our annual budget to resurface streets in our neighborhood, started a 3 year course to repave every street downtown, added a million dollars for sidewalk maintenance, and created our first ever dedicated funding for bikes. We clearly have much more to do.

According to our annual report on street conditions, our residential streets, which have a 60 year lifespan, are currently on a 289 year replacement rate. Public Works Director Kathy Lantry projects that keeping street spending at the current rate would render more than half our roads undrivable in just 20 years.

While there are no shortage of historical reasons for this disinvestment, we don't have time to place blame; we must take responsibility. Still, this problem is too large and too complex to solve with a simple property tax increase.

Saint Paul taxpayers are not alone in using and causing wear and tear on city streets, and we should not have to bear the cost of maintaining them alone. We must and will work actively with our partners in county and state government to identify new resources to maintain our public right of way.

But our conviction that new thinking is even more important than new dollars must apply to our streets as well. We are working closely with our city council members and transportation planners to develop a comprehensive strategy to set our streets on a more sustainable path.

In addition to identifying new ways to invest, this plan will include narrowing traffic lanes and right-of-way to reduce surface area and maintenance costs, efforts to reduce heavy truck traffic on our residential streets, continuing to advocate for regional transit investments like the Gold Line and Riverview Corridors; and making it easier and more affordable to get around without owning a car.

With the help of our American Cities Climate Challenge Grant from Bloomberg Philanthropies, we are advancing our goal of ensuring that 90% of Saint Paul residents live within a 10 minute walk of at least four low- or no-carbon transportation options by constructing 13 miles of new bikeways and 2 miles of new sidewalks; and teaming with HOURCAR, Xcel Energy, and the City of Minneapolis to build a network of 70 charging stations - 35 in each city - to provide public charging for vehicles, and to build out the first 100% renewable energy-powered electric carshare network in the country.



For over 50 years, Ayd Mill Road has been the front line of our struggle for better streets. I have asked Public Works to utilize Ayd Mill Road's upcoming resurfacing as an opportunity to reprogram it as a more complete street.

In accordance with the city's preferred alternative for over a decade, we will reduce car traffic to its westernmost two lanes and repurpose the eastern side as a dedicated, protected bikeway to facilitate non-motorized transportation options. These efforts will result in a road that is less expensive to maintain, and more useful to residents moving around our city in different ways.

We all know that some will mock the notion of investing in sidewalks and bike lanes, but here's the simple truth. Our city has grown by nearly 30,000 people since 2010, and we are projected to add another 30,000 over the next 20 years. Unless our local streets can absorb 30,000 more single occupancy vehicles than we have today, our only choice is to fundamentally shift our ideas about how people get around our city.

I want to leave you with a thought about the 3,000 city workers who show up every single day to keep Saint Paul moving forward. I witness their compassion and dedication every day.

On occasion, I have the privilege of celebrating new retirees who've served our city longer than I've been alive. Hearing them talk about a lifetime of pouring their souls into helping our residents through countless sidewalk or pothole repairs, afterschool programs and emergency situations is inspiring and touching.

City employees work tirelessly, and often thanklessly, to solve the everyday challenges our city faces. The fact that a dozen city employees spent their holiday this past New Year bringing a new payroll system online will never make the news, but their work enables every other thing our departments do.

Every accomplishment we celebrate, and everything our city government does, relies on their capabilities and commitment. Doing our best for Saint Paul means constantly working to improve and expand our productivity, identify new ways to leverage data and technology, and serve our residents better and better each day.

All of these goals require reinvestment in our workforce. That's why my proposal also funds staff capacity in our Human Resources Department, to build out our Training & Development Division and establish a citywide Performance Management System. In any organization our size, these investments are critical to maximizing our productivity and effectiveness.

Saint Paul is a city with great opportunities and great challenges ahead. The Ford Plant, Hillcrest Golf Course, Boys' Totem Town, River's Edge, Sears site, the Midway area around Allianz Field, and the entire stretch of our Green Line light rail present a set of breathtaking prospects for billions of dollars of tax-base growth over the next two decades.

At the same time, bills coming due on decades of deferred maintenance on our public right of way, parks and public buildings, and uncertainty over citywide hauling, present an equally daunting set of challenges.



Our willingness - or lack thereof - to meet these enormous opportunities and challenges with an even bigger vision for our future. Our ability to embrace new and innovative approaches while identifying new dollars to invest. And our appetite to see tough conversations and disagreement through to common ground will set the course for the future. I am confident the city I love is up to the task. Thank you.