

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



2021 BUDGET ADDRESS
THURSDAY, AUGUST 20, 2020
REMARKS AS PREPARED FOR DELIVERY

Council President, members of the Saint Paul City Council, other elected officials on Team Saint Paul, our city employees, residents and business leaders, good morning, and thank you for joining me for my 2021 budget address. We come together at this time at the center of a deep set of compound crises that face our planet, our country and our city.

From a global health pandemic that has resulted in over 5,000 confirmed cases in Saint Paul, and 130 lives lost right here in our city, to an economic crisis that has hit us hard with over 70,000 Saint Paul workers who have filed for unemployment since March 15, with renters and homeowners who are struggling to maintain their housing once foreclosure and eviction moratoriums expire, to businesses across our city that are shuttered or are operating in a limited capacity, to a record number of families facing unsheltered homelessness in our community right now, to a national increase in violent crime, to the all too familiar trauma and reckoning on race following the tragic murder of George Floyd; and of course, to rebuilding from the civil unrest of this summer that damaged or destroyed over 300 Saint Paul businesses in one horrible night of destruction.

Facing all of these crises at the same time, has taken its toll on all of us: on every household, every business, every student, and on our city government too as our all hands on deck efforts to support struggling families and businesses has stretched us to our limits. While crafting this budget, at this moment is one of the toughest tasks I've ever faced, it's put into perspective only by everything else going on in the world, and of course by my wonderful family and young baby at home. I'm grateful to the residents, business leaders, city employees and department heads, and city council members and our cabinet members who have willingly stepped forward with wise counsel to help.

Over the past three years, we've reminded ourselves and each other that our budget isn't just a math problem; it's a values exercise. Every year I've reminded you of our mantra: if our budget doesn't reflect our values, then they're not our values. While our margins this year and numbers are tighter than ever before, that fundamental truth still remains. So we started with two core values that shaped every decision in this budget.

One: we value you. We value our community. At the heart Saint Paul isn't just a collection of buildings and streets, but a community of people, children and families, workers and entrepreneurs, artists, innovators and cultural leaders.

While our struggles may look and feel different from one side of town to the other, we are all hurting, we're all struggling, and we're all challenged beyond belief by the economic uncertainties these unprecedented events of 2020 have created for us. The only thing that puts our current city budget situation into perspective, is literally everything else going on in the world right now.



Because our uncertainties are a reflection of the pain and pressure that every member of our Saint Paul family is facing, simply passing that pain forward to our residents and businesses in the form of a hefty property tax increase would make our problems worse, not better.

Two: we value the police officers, firefighters and paramedics, the recreation leaders and librarians, the workers who maintain our public infrastructure and the dedicated professionals who support all of these critical public services. From librarians sewing masks, to recreation leaders delivering food, to firefighters and police officers who heroically stood in the gap between our city and further devastation on the most destructive night in city history. The commitment and dedication of our city employees has been on full display every day of 2020.

Today, more than ever, when Saint Paul residents and businesses are relying on high quality city services, even in the face of unprecedented budget challenges, we must protect and preserve the frontline services and staff that our residents and businesses rely on as much as possible.

Because these truths are so self evident, the most important number in the budget that I'm proposing today is zero.

To avoid adding financial pressure to the residents and businesses who are already struggling, my budget proposes zero increase to the city's property tax levy.

To protect the first rate public services we have rightfully grown to expect from our city employees, my budget intentionally avoids laying off city staff.

And finally, my budget proposal does not tap the city's fund balance reserves in order to maximize our readiness to face the remaining uncertainties ahead.

While budget gimmicks, and one time fixes might help improve our financial spreadsheets today, our real goal must always be to prepare our city for tomorrow. As proud as I am that we were able to maintain each of these competing goals in this budget proposal, that task was far from easy and required a set of significant and painful decisions which I cannot imagine making in any other circumstance.

Every year we start our budget process with a \$15 million to \$17 million budget challenge that we have to solve for. This year, that budget challenge was significantly higher: \$19.5 million. To put that number into perspective, that means I would have to propose a 13% increase to the city's property tax levy in order to solve these budget challenges without reducing services and spending.

Between upward pressures on our spending that start with our COVID-19 response of which we are over \$16 million into and still going, to our civil unrest response, which cost nearly \$4 million to the city; these have had an impact of widening that gap.

Further downward pressures on our revenues from property taxes to sales taxes to parking revenues to building permits, create an additional amount of pressure on all other budget items. Developing a budget that neither raises property taxes, nor lays off city staff put a lot of pressure on every other budget item. In this process, we explored, and I accepted every viable reduction strategy we could, in every core department to meet these goals.

To be clear, this budget will result in significant pain points for our community. Our city employees will likely face reduced hours and reduced titles. And managing vacancies and attrition will likely lead to staffing challenges across city departments. These things will create challenges for all of us that we will



have to see through together. To lead the way, we've already enacted a voluntary 10% pay reduction for every member of our senior leadership team.

Still, our ability to maintain this delicate balance over the next few months of this budget cycle will depend on a wide set of variables, including the trajectory of the pandemic and economy, and our ability to work with all of our bargaining units to negotiate favorable labor contracts. Moving forward, I have challenged our leaders to approach this budget, and to approach the immediate future in our city with two strategies in mind.

First, we have to think beyond just reducing or just scaling back our budgets, to being willing to rethink all of our core business models.

One of the best examples of that is the Basic Life Support Unit that we've created in our Saint Paul Fire Department. We had a conversation last year about an opportunity that we've now seized to staff a set of ambulance units across our city with EMTs who are trained and able to respond to Saint Paul residents who have less critical emergencies, in a way that still provides a response when we need it, while leaving our paramedics in our full ambulances available to respond to our more critical and acute emergencies.

In order to build our city for the future, the one department that we have increased our investment in is our Office of Technology and Communication. The reason should be obvious. In the context of a pandemic, in the context of social distancing, in the context of people working from home, we'll need new strategies, new resources, and new approaches to ensure that you, our residents, our business leaders, our innovators, our artists, and our city staff can access the city's infrastructure remotely.

Finally, while a budget like this could push us to shrink inward, and prioritize our budget spreadsheets over the quality of life in our neighborhoods, no response could be more wrong. We will continue to push toward our big vision for our city.

That starts with finding a new way to better support individuals and families in our community who have experienced unsheltered homelessness.

A significant portion of our budget solutions this year were made with the help of Governor Walz who took \$23.5 million of CARES Act funding that the State of Minnesota received from the federal government and made it available to the City of Saint Paul to help address this budget crisis.

We have made the decision that with those resources, we are going to make a strong commitment to individuals in our community, experiencing homelessness. This work has been led very well, very capably by our Deputy Mayor, Jaime Tincher, who will continue to lead this work forward.

I have directed that from our COVID funding received from the State, approximately \$11 million dollars of that funding will go towards creative new approaches to connect individuals who have experienced unsheltered homelessness to support, to resources, and to housing. That work will benefit our entire community.

I imagine many of you have also seen that I have signed on as a founding member of a national organization called Mayors for Guaranteed Income. If we didn't know it in 2019, 2020 has demonstrated for us the extent to which our stock market economy and our street level economy, have diverged paths from one another. As our stock market has grown and produced significant returns for the asset holding class, our neighbors, our residents, our families and workers are facing the most dire, and challenging economic times of our lives.



Moving forward beyond this moment isn't about just getting back to where we were a few months, or a few years ago. It's about rethinking the connectivity between our neighbors and our economy.

And so with our COVID dollars, and with funds that we have been able to raise through our Office of Financial Empowerment, we will be launching a guaranteed income demonstration pilot, with the goal of helping even more low-income families in our community who need it right now more than ever, while contributing to the national science that will allow us to continue to advocate for this type of necessary policy on the state and federal levels.

Another centerpiece of our work moving forward, will be the evolution of our Community-First Public Safety framework.

As we dig into the work that our police officers do on our behalf, and especially the work that they will be tasked with in the coming year, as they too navigate the challenges created by our vacancy and attrition targets that have allowed us to prevent laying off officers, firefighters and other public workers, it's critical that we look into our data.

We have committed ourselves in Saint Paul, to a public safety strategy that doesn't just center around responding as quickly as possible after something bad is happening, but to a strategy that invests in proven interventions to help reduce the likelihood that those bad things will happen in our community in the first place.

As we look into our data for 911 calls and the work that our police officers do, it's readily apparent and something that officers have told us for quite some time, that they end up serving as more than just police officers in our community. They end up serving as social workers, as mental and chemical health therapists, as housing counselors and in a number of other capacities.

Our goal moving forward will be to identify other resources to serve, to step in, and to respond to some of those 911 calls that may not necessarily require an armed police officer. Our goal is to lighten the load for our officers so that they can spend their time focused on the reasons they became an officer in the first place: helping us to prevent and respond to violent crime, and to engage in the proactive community outreach that the Saint Paul Police Department is well known for nationally.

Three years ago when I was elected Mayor, I spent a lot of time working on my inaugural address. Three years later, the line from that speech that I hear repeated most often is one that was just said as an aside.

I was sharing with you my belief that our routes to a bigger, better city centered not just around the work of one person in one office, but it's centered around our ability to work together and build sweat equity in our city through service. Some of you clapped, and I ended up saying "...don't clap if you're not going to help." At that moment, I was proud to be in Saint Paul, in a city where even more people clapped after I said that call to action, than before I said that.

In the coming weeks, we will return to that ethic. We will launch a set of efforts to continue inviting you to help us move our city forward through service. All of our work - basic income, public safety, rebuilding from the toll of economic shutdowns and civil unrest - will be guided by the deep public engagement that has marked our administration from day one.



This budget conversation too will be guided by public conversation because it's the case every year, but especially this year, that our budget hinges on so many critical variables that will play out between now and December. This budget address marks not the end of a conversation, but only the beginning. I invite you to continue to participate in this conversation as you do every year to help us land the plane on a budget that helps move Saint Paul forward.

In thinking back to the early days of the Saint Paul Promise Neighborhood 10 years ago, when the idea that had just existed on the whiteboard in my Ward 1 office was suddenly coming to fruition, I remember standing outside Wilder Foundation as about 200 people came into that space.

One community elder walked in, and I thanked him for being there. He said, "...listen, I'm just going to sit back and I'm going to stay quiet, and I'm going to see if this ends up being what it needs to be for our community." I told him there need be no suspense. If you sit back and stay quiet, there's no way this can be what it needs to be for our community.

This 2021 budget proposal is the same way. This marks the beginning of our conversation and ending it correctly is going to require your engagement, your wisdom, and your expertise. That's especially true this year.

I'm proud of Saint Paul, I'm proud of the way our community, and specifically our public workers have stepped forward to serve us through this crisis.

We've suspended water shutoffs so every family can afford to wash their hands. We've made \$4 million available to struggling small businesses and low income families through our Bridge Fund. We've worked to open space to safely exercise, recreation, and enjoy the great outdoors on our streets and around our lakes. We have redeployed parks and recreation workers to make food deliveries, our librarians have sewn masks.

Our Department of Safety and Inspections staff has worked with bars and restaurant owners to help them open sidewalk cafes. Our police officers, paramedics, and our broad community of people have worked together to serve our unsheltered homeless population in an unprecedented way.

I'll be forever grateful for the police officers and firefighters who have served our city heroically, over the course of this summer, particularly in a civil unrest that followed the murder of George Floyd. And I'm proud of you.

In a COVID-19 pandemic economy this past spring, we saw the way we stepped up to help one another get through. Restaurants in the face of shutdown orders, turned their focus and attention and energy to giving food away so that all of our families could eat. Businesses who after the civil unrest turned their parking lots into supply exchanges for clothing, food, formula, diapers even before fixing their own windows.

This spirit was embodied in one business owner who, after having her business completely destroyed in the civil unrest, stood in front of her building and said to me, "...Mayor, I've lost everything."

I told her I know, and I'm sorry for that and we'll be with you as you rebuild. And she looked at me and said, "...No, I meant to say, I have time to help other people, and be part of the solution."



Even in the face of all the challenges in front of us right now, my hopefulness continues to be rooted in you. The fact that Saint Paul residents and businesses in crisis keep doubling down to help one another through bodes well for our community.

As we stay physically distant in response to the public health recommendations that we continue to hear from our scientists and medical community, let's remember to stay socially connected because we need each other, right now, more than ever.

If we continue to work together in that true spirit of Saint Paul embodied by our former Senator Paul Wellstone's famous words that we all do better, when we all do better; if we can continue to work together in that spirit, I'm confident that we can solidly land a city budget and far more important, a pathway to the future that truly reflects our values and our collective love for this phenomenal city.

If I know anything about Saint Paul, I know that we are up to the task.

Thank you.