



Mayor Melvin Carter's 2025 Budget Address

Tuesday, August 13, 2024

Good morning, thank you all for being here today.

Thank you, Council President Jalali, for that kind introduction.

In our years of friendship, I've witnessed you work tirelessly on behalf of our city and our residents.

Your unique understanding of our city's diverse needs, and commitment to creating opportunities for all is part of why I am proud to call you Council President. I have been honored to work alongside you throughout your years as a member of our City Council, and these past eight months as our Council President.

To our adure First Lady, Dr. Sakeena Futrell-Carter, thank you for being here.

My life is blessed beyond measure with you by my side.

You are the guiding force that pushes me forward each day; the best friend who lifts me up; the life partner whose love and support provides me with purpose. I am forever grateful for our life together.

Deputy Mayor Jaime Tincher, members of the City Council, city administration and staff, state delegation members, city and community partners, and everyone joining us today in person or by live stream, thank you for coming together as we reflect on our shared values.

And thank you to Julia Diaz and Lanell Lightfoot for your beautiful renditions of the National Anthem and the Black National Anthem.

As we gather today in the halls of the Ordway Center for the Performing Arts, we do so in the spirit of community and collaboration.

The Ordway is one of the Midwest's premier performing arts centers, attracting nearly half a million visitors each year.

Next year, the Ordway celebrates its 40th anniversary and it only gets better each season under the direction of President and CEO Chris Harrington.

Thank you, Chris, for opening the doors to this prestigious venue today, and for your unwavering partnership and continued support of our community.

My proposed budget for 2025 comes on the heels of a remarkable year of progress in Saint Paul;

one that bolstered our public safety efforts,

kicked off generational infrastructure improvements,

advanced our equity, climate, and resilience goals,

reinvigorated tourism,

and put our collaborative governance model into action more profoundly than ever before.

Historic one-time funding packages from our federal, state, and local partners allowed us to invest in critical infrastructure projects, enhance our gun violence intervention strategies, and grow a 21st century city to match our 21st century workforce.

We began collecting our voter-approved Common Cent sales tax in April, immediately installing turf fields at our parks and addressing long-overdue deferred maintenance at our recreation centers.

Less than one year after passage, we have over 100 Common Cent projects underway, in every corner of the city.

And the first phase of road improvement projects along Grand Avenue is expected to begin next month.

This critical new source will fund nearly \$1 billion in infrastructure improvements in our city over the next 20 years.

Our city staff is working hard to ensure we see returns on these investments in every neighborhood, as soon as possible.

Saint Paul is growing in population and in popularity, becoming a desired destination to both live and recreate.

Last month, 60,000 people attended the two-day Minnesota Yacht Club Festival – the first outdoor concert on Harriet Island in over a decade and one of the largest events ever held in our capital city.

Our hotels were booked solid. Our restaurants and bars were full. And our downtown was lively and busy.

It's hard to believe that Harriet Island was underwater just two weeks prior, engulfed by one of our highest floods on record.

I thank the men and women in our Public Works, Parks and Recreation, and Emergency Management crews who spared no effort to ensure the venue was ready on time.

The festival was an incredible success, thanks to your hard work. The event and our city got rave reviews for two days of fun, with our biggest regret being that it couldn't last longer.

Well, don't threaten Saint Paul with a good time.

The festival organizers have confirmed their intent to not only bring the Minnesota Yacht Club Festival back to Harriet Island again next year, but to GROW IT from a two-day festival, to a three-day festival in 2025.

I thank Parks and Recreation Director Andy Rodriguez, and our Harriet Island Event Coordinator Kate Frye, for leading our city team to make this magical event possible.

The men's Frozen Four tournament this spring gave us an exciting warmup toward hosting the 50th anniversary World Junior Hockey Championship next December.

As the capital city of the state of hockey, we couldn't be more excited.

And I know I especially see two partners here today — Craig Liepold and Matt Majka from the Minnesota Wild — who always stand more than ready to help us welcome hockey fans from across the globe.

The work to activate our downtown and continuously boast Saint Paul as a desired destination could not be possible without our partners at Visit Saint Paul and the Saint Paul Downtown Alliance.

Jaimee Henrickson and Joe Spencer, your passion for our community and lifting up all that we have to offer has shown the world that Saint Paul is both a vibrant destination for visitors and a hub of opportunity for businesses.

I'm even more energized because our BEST WORK IS YET TO COME.

In the face of this year's unprecedented challenges — and in preparing our toughest budget yet — Saint Paul marches forward and chooses to go all-in on our city's resilience and commitment for our shared future.

Today, I present a financial plan that is the result of months of work by our city leadership, guided by our Office of Financial Services Director John McCarthy, Budget Manager Madeline Mitchell, and their entire team.

Thank you.

After months of deliberation with my city leadership team, and conversations with 400 city residents, workers, students, seniors and business leaders over 42 different budget engagement sessions, I am honored to present my proposed 2025 budget, a document full of tough choices that I believe collectively represent the strongest pathway to a prosperous future together.

My 2025 budget proposes an increase of 7.9%, adding \$16.4 million to our city's property tax levy and resulting in an increase of about \$11 per month on a median-value home.

Critically, this budget responds to the clear guidance you provided in our budget engagement games.

A safe and promising neighborhood is the foundation upon which every other ambition for our city must be built.

I'm proud of the work we're doing through our Community-First Public Safety Framework to establish the most comprehensive, coordinated and data-driven approach our city has ever endeavored.

AND WE ARE PRODUCING RESULTS.

While our Saint Paul Police officers regularly maintain a case clearance rate for homicides that stands far above the national average, Police Chief Axel Henry is the first to say that arresting a suspect AFTER they've caused a fatality is a hollow victory.

One of the core values of our Community First framework is complementing 21st century emergency response with upstream investments to identify and interrupt the everyday cycles that lead to recurring neighborhood crime issues:

City Attorney Lyndsey Olson is a national leader in establishing restorative justice programs to reintegrate qualifying offenders into the fabric of our community.

Office of Neighborhood Safety Director Brooke Blakey and her team show up in force in community and even at the hospital after a shooting to intervene, assist families, and reduce the risk of retaliatory violence.

And the new Non-Fatal Shooting Unit in our police department, established by Chief Axel Henry, demonstrates to neighbors and shooters alike that we simply do not accept gun violence in our community; by answering even the smallest gun-related injury in our city with the exact same resources and resolve we assign to a homicide investigation.

In just seven months of operation, retaliatory violence and unlawful gun discharges have decreased significantly, the number of victims of non-fatal shootings has decreased by nearly

half, and our case clearance rate for non-fatal shootings has jumped from 39% in 2023 to 60% so far in 2024.

While we funded much of this work over the past several months with \$13.6 million in one-time public safety aid provided by the Walz-Flanagan Administration and state legislative leaders last year, we must keep our momentum going.

My budget proposal doubles down on these efforts with investments in our Forensic Services Unit, diversion-based restorative justice program, staffing to better support crime victims and witnesses in our city, and to continue enhancing consistency in police department staffing levels by adding a second annual police academy.

On the topic of public safety, our Saint Paul Fire Department remains the busiest fire department in the State of Minnesota. Our firefighters responded to nearly 63,000 calls for service in 2023, representing a staggering 56% increase in call volume over the last decade.

Every day, they answer the bell without hesitation and literally walk through fire to keep us safe.

Seven months ago, they responded to one of our most traumatic calls in years: a fully engaged house fire, on our city's East Side, with a mother and her young children trapped inside.

Our firefighters risked their own lives to race in and carry every family member out of the home, but Saint Paul lost four of our precious, beautiful children to injuries and smoke inhalation in the days that followed.

Ker Lor, the children's mother and a former intern here in my office, remains in recovery from that fire today. Her husband Pa Cheng walked me through the hospital and introduced me to every intubated, comatose member of his family.

When I faltered, Pa Cheng consoled me. At some point I asked what he needed, and he told me to tell you to check your fire alarms and practice safety plans at home so his family's story will always be an outlier in our community.

I'll never forget the way those words made me feel.

And yet, we have work to do to prove them true.

Sadly, Pa Cheng & Ker Lor's story is not the outlier it should be, with our city's East Side historically experiencing more fire fatalities in recent years than any other neighborhood.

I thank Fire Chief Butch Inks for keeping this reality front and center, and for paving the way for new investments that will ensure that this time next year, if my budget proposal is adopted, the East Side of Saint Paul will be served by 6 brand new firefighters, working aboard a brand new, fully electric fire truck — the first in the state — and stationed at our brand new, state of the art Fire Station 7.

In my State of Our City Address this Spring, I declared my intention to launch a set of community conversations with the goal of building a comprehensive, “All-In” Housing Framework to address our complex housing crisis.

I initially envisioned those conversations commencing at the close of this budget process and instructed my team to prepare for that sequencing.

But this city has instructed me differently.

Through 42 different budget engagement games with 400 Saint Paul constituents at nursing homes, high schools, board meetings, parks, public libraries and anywhere else you found me, I have heard you loud and clear.

Now is not the time to begin envisioning a robust dialogue about potential actions we can take at some undefined future date.

Every person, in every family, in every neighborhood and chapter of life, must have access to safe, stable, affordable housing.

This work, in this moment, could not be more urgent:

When the gap between incomes and rents is wider than ever and nearly a quarter of our families pay over half their monthly income on rent;

When the promise of home ownership is moving further and further out of reach for working families;

When our neighbors languish and perish in tents because we were thousands of housing units short on a dangerously cold Minnesota night.

All that to just say it’s not time for some talk about housing; to quote the 20th Century philosopher, Reggie Noble: “It’s time for some action.”

If we’re going to build an “All-In” Housing Framework to respond to our raging housing crisis, we have to build it now.

Fortunately, we have a significant amount of opportunity to work with.

The regional sales tax for housing passed by our legislature last year offers an exciting new revenue stream to pursue our housing goals.

Our City Council Members are full of passion and ideas for how to invest in our aging housing stock, protect low-income renters, promote housing fairness, and support our residents experiencing homelessness.

Every one of them has contributed in some way to the concepts in the portfolio we have prepared to propose.

And our Planning & Economic Development Director Nicolle Goodman and her exceptional leadership continue to usher forward our robust vision for vitality across our community.

And envisioned developments at Highland Bridge, United Village, the Heights, and River's Edge represent an historic magnitude of potential economic and housing opportunity for our residents.

As part of our All-In Housing Framework, I propose leveraging regional sales tax funds to boost supports for low-income renters and neighbors who experience unsheltered homelessness; down payment assistance grants for residents who want to purchase a home, and home renovation grants for residents struggling to maintain one they already own.

I propose extending the franchise fee we pay with our utility bill every May to October, to include the months of April and November, and using a portion of the funds we'll generate to underwrite a half million in home weatherization assistance every year.

I propose picking up our unfinished business with regard to tenant protections, and finally passing a set of laws to protect renters from unfair housing practices, including limiting security deposits; restricting look backs on outdated criminal, credit and rental history as litmus tests for housing; and preventing source of income discrimination against low-income tenants.

I propose rekindling our years-old conversation with our Charter Commission and finally passing Administrative Citations to give those policies the teeth they deserve.

I propose staffing up in our Department of Safety & Inspections to accelerate and streamline the permit application process for housing projects in the city.

I propose we finally own up to the injustice and harm caused by the displacement of our historic West Side Flats neighborhood by expanding the Inheritance Fund to include descendants of residents who were displaced from property ownership in our historic West Side Flats neighborhood.

We established the Inheritance Fund just a couple years ago to offer up to \$110,000 in fully forgivable loans to help descendants of property owners on Old Rondo - our vibrant, mostly African American community that was uprooted to build a freeway - to help them build wealth through home ownership.

To be clear, my regional sales tax proposal includes a significant boost in downpayment assistance funding, at least partially to guard against pitting two disadvantaged and displaced communities in competition against one another for resources.

Relying on the recommendations from the joint report conducted by the West Side Community Organization and Research In Action, we look forward to taking the next steps alongside our West Side community and leaders.

Our city knows that unsheltered homelessness affects all of us, and it requires a united effort, compassion, and strategic partnership. Saint Paul will continue to align our response to homelessness with the work of our continuum of care, Heading Home Ramsey.

Chaired by our Deputy Mayor Jaime Tincher, Heading Home Ramsey is a coalition of social service partners, housing providers, philanthropic partners, our business community, and residents with lived experience, who come together to create effective responses to the complexity of homelessness and provide leadership and advocacy to end homelessness.

I am proposing an investment of \$1 million to support the work of Catholic Charities and to launch Familiar Families, an innovative pilot program designed by members of Heading Home Ramsey to support families who have not been successful in traditional emergency shelters due to multiple, complex, and persistent needs.

A housing crisis is marked by one clear symptom: a housing shortage. Simply put, we need much more housing to serve our residents and families.

From ending unsheltered homelessness, to maximizing opportunities at Highland Bridge and The Heights, to converting office buildings to residential uses downtown, every key to the future for Saint Paul depends on our ability to facilitate and accelerate our housing construction goals.

In keeping with this truth, and in acknowledgment that the underlying economics of maintaining a 50-year-old building are fundamentally different from the economics of constructing a new one, I propose amending our city's rent stabilization ordinance to include only properties built on or before December 31, 2004.

This simple change would advance our values by maintaining the overwhelming majority of Saint Paul rental properties as rent stabilized, while unlocking the critical release valve that only new housing construction can offer us.

To usher forward this evolved approach to reducing displacement, my proposal includes additional staffing and direct support to Home Line to provide tenant advocacy services.

Finally, because our residents simply cannot wait for us to act, I ask the City Council to take up this All-In suite of housing policies and investments as soon as possible, and send it to my desk, in its entirety, by the close of the current calendar year.

From pandemic to prosperity, we're reinventing our downtown strategy to better serve all who live, work, and visit Saint Paul.

This pivotal moment allows us to embrace new opportunities and build a more resilient, vibrant, and inclusive downtown.

Where downtowns have been traditionally built as a place of obligation, ours is to be stewards of our downtown as a destination of choice.

While we have certainly not been spared by the global decampment from once vibrant office spaces, there are positive indicators all around.

With a 92% housing occupancy rate, the demand to live downtown remains strong.

With the NCHC Frozen Four and the inaugural Minnesota Yacht Club Music Festival just behind us, and the World Juniors Hockey Championships just ahead, our work to attract major events is as successful as ever.

And as anyone who's recently been to a Minnesota Wild or Saint Paul Saints Game, the Twin Cities Jazz Fest or Lowertown Sounds, Food Truck Wednesday or the Farmer's Market can attest, we are connecting the dots between large one-time events with a year-round schedule that the downtown Saint Paul of 20 years ago would have killed for.

People are voting with their feet for our downtown, every chance they get. Our task isn't to fundamentally reinvent ourselves, but to register those implicit votes and build the housing, entertainment, and event infrastructure that facilitates them enjoying our downtown in all the ways they're already telling us they want to.

Our budget proposal anticipates investments to support the expansion of our Downtown Improvement District, boost public safety measures by investing in increased patrols and upgrades to CCTV cameras, investing in sidewalk maintenance and cleaning to improve walkability, turning underutilized plots of land into parks, and activating public spaces for increased use and engagement.

To compliment our All-In Housing framework, we'll invest in a joint study to explore office-to-housing conversion strategies in partnership with the Downtown Alliance and propose an investment of \$1 million to provide permit fee waivers to help facilitate at least two such projects per year.

I thank all the members of our Downtown Alliance who contributed their time and expertise to design the downtown investment strategy which provides an incredible roadmap as we endeavor to realize even more vitality for our downtown.

I am especially grateful to Securian CEO Chris Hilger and Ecolab CEO Christophe Beck for their leadership, partnership and deep commitment to our shared vision of a vibrant, prosperous Saint Paul.

This last year, our neighbors at the Xcel Energy Center had a banner year with a rebound of social and cultural events that formed a much-needed bounce back from the pandemic.

Looking ahead to its 25th year of the building's 25-year competitive lifespan, the arena is overdue for upgrades. The arena complex, which also includes the Saint Paul RiverCentre, currently generates \$383 million in annual statewide spending, including lodging, meals, transportation, and other goods and services.

A renovated arena is anticipated to boost statewide spending to an estimated \$493 million annually, with the renovation project creating approximately 2,300 jobs.

Updating the Xcel Energy Center is about securing our economic future through the strong anchor, and rippling vitality, the facility provides for our downtown. It is an economic engine for our community, especially as we expand our reach and seek out more opportunities to host events.

The onus is on each and every one of us to be part of a solution to sustain and enhance the momentum we are reestablishing downtown.

As one of our largest downtown employers, that has to include our city employee team.

It's a fight we can win if we all show up.

While the vast majority of our largest city work centers stayed in person through the whole pandemic, my leadership team and I are specifically asking those in office functions to be intentional about showing up — both to maximize opportunities within the organization for interpersonal and interdepartmental coordination, and to play a deliberate role in our downtown vitality.

One core component of our vision for the future is having a future to enjoy. That's why our work to combat climate crisis is so critical to us all.

We must pass on a sustainable, healthy world to our children, and to do that we need to take climate action now so that they have a world they deserve to inherit.

I thank the state legislative leaders who helped us repeal franchise fee limitations that impacted Saint Paul only.

This change gives us the opportunity to leverage significant investments in our citywide resilience infrastructure & staffing, home weatherization programs, repopulating our urban forest.

We will decarbonize our Como Park Zoo and Conservatory, and as a result of \$2.4 million secured for energy efficiency upgrades in a combination of Common Cent dollars and funding from our federal partners, both the Primates and Polar Bear buildings will operate a second geothermal energy system in our city - the first ever in the state being the district geothermal energy system our housing development at The Heights.

We will continue our drive to rethink snow operations by piloting a one-sided parking cycle that will hopefully allow us snowplow drivers to clean all the way to the curb while increasing parking continuity through the winter. Thank you, Public Works Director Sean Kershaw for clearing the path on this for us.

Finally, our Department of Safety & Inspections staff will also work to administer the updated state energy code, which pushes us one step closer to achieving carbon neutrality among city operations by 2030 and citywide by 2050, as outlined in our Climate Action and Resilience Plan.

Our proposed 2025 budget is one of the toughest I've ever constructed.

That makes sense, because the demands and challenges of this era are among the toughest we've ever faced.

But as rocky as the road may feel underfoot today, the path ahead shines bright with opportunities our city is uniquely built to tackle.

As always, we'll tackle them together.

As always, we won't avoid the tough conversations.

As always, we'll understand that complex challenges demand complex responses. There is no magic pill.

As challenging as this budget was to construct, I am confident the numbers clearly convey not only what, but who our community cares about.

And just as sure as we've watched incredible Saint Paul residents like Joe Mauer, Sunisa Lee, and Gov. Tim Walz excel and achieve on the world stage, I have every confidence that we will continue to be just as incredible here at home, together.

Thank you.

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