

Transforming the Basics of the Twenty-First Century City

Proposed Fiscal Year 2016 Budget

MAYOR BETSY HODGES

Wednesday, August 12, 2015

Transforming the Basics of the Twenty-First Century City

Thank you, Madam President and colleagues.

I have often talked about the three questions on my whiteboard: How does this move the dial on equity? How does this move the dial on growth? And how does this help the city run well?

The longer I am mayor, the more it becomes clear that those three questions are essentially the same. We are growing the city only if we are growing it for everyone. We are running the city well only if we are running it well for everyone. That's what this budget does - it assumes the work of weaving equity into the fabric of our city is fundamental to how we do business. It's the only way to succeed, so it's the only way to proceed.

For the first time in our history, a majority of the world's population — 54% and growing — lives in cities. Here in Minneapolis we are part of that trend. We are growing and therefore we are a community in transition.

The bulk of our growth in population is happening in our communities of color. That means as we move forward if we are to be the best we can be and use all the talent our community offers then the bulk of our workforce, our leaders, and our community-builders will need to come from communities of color.

Our work to grow our city and grow it well into the future is indistinguishable from our work to make sure life outcomes are not determined by zip code, race, or current class status. Our brightest future and our best hope to become the city we are meant to be are in doing this work inside the context of that reality.

We have entered a time when we are being asked to face and meet the changes of the twenty-first century: the warming of our atmosphere; the reawakened spirit to push harder for racial and economic justice; the inexorable press of people who want to live in cities, and live here without cars; the changing national demographics away from older white people to younger people of color; the new flexibilities that technology is bringing to our workplaces, our communication, our consumption, our manufacturing, and our connections to one another. We must not only match, not only meet, but we must precede the challenges these changes create with innovation, vision, and the bone-deep knowledge that to become the city of the future we must be a city that leads and weathers the transition and is in it for the long haul.

Being a 21st-century city means we transform our work to meet the needs of the people and economy of the new century.

So today I present for your consideration a budget based on that premise; a budget that invests in doing basic city work in new ways to reflect new realities. That, in turn, will serve our residents, workforce, and visitors even better than we do now. Running the city well, therefore, requires investment in transformation of how we do business. If we do what we've always done, we will get what we have always gotten. And what we have always gotten is no longer suitable for a competitive, successful city in the 21st century.

This proposed budget, then, is focused on running the city well. It is a down payment on future success.

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The basics

What do I mean by the basics? Take the assessor's office.

When you walk out of here today, look to the sky and you'll see cranes in pretty much any direction. Minneapolis is booming right now and that's great.

But it has also put additional pressure on our assessor's office. Assessor Patrick Todd and his team know that if the great work they already do could become even more efficient, we could be a leaner, smarter city. I propose an investment in the assessor's office that will streamline property assessments and handle the increase in volume through sharper, closer to real-time analysis of property data.

This budget proposes other investments in our basics that will improve our performance and efficiency while also moving us further into the 21st century. Basics like making sure we have resources in our auditor's office to assess risks in our ever-changing technology environment. Basics like adding an Americans with Disabilities position not just to comply with federal requirements, but to make sure our city is accessible and livable for everyone's genius. Basics like transportation planning for the ways people get around in the new century.

And basics like elections. As we prepare for the 2016 presidential election we have a duty to ensure that the long lines and confusion we have seen in previous elections are not repeated. This budget signals our commitment to the creation and operation of additional voting locations to ensure that the right to vote is accessible to everyone.

Investing in our basics also means investing in the talent we have employed at the City, and investing in their work spaces.

City of Minneapolis employees are the hardest working, most dedicated public servants anywhere. Every day — including nights, weekends, and holidays — they do the basics

of keeping our streets safe and clean, our neighborhoods thriving, and our businesses growing. Moreover, they do it with an eye for providing consistently better, more responsive service. I am proud to be their mayor. Please join me in thanking them.

Today I propose, as recommended by our Labor Management Committees, a \$10 increase in the City's monthly contribution to each employee's Metropass.

As we look to our fiscal future, my budget makes a down payment on the future of the City enterprise: the imperative of our downtown office space to meet the needs of the 21st century. Today, I am putting down a marker that we must have a conversation about how to best create effective workplaces for our employees that help us serve residents and recruit talent. That conversation must include consideration of the long-term costs of that work and how we will pay for it. If we plan strategically, with an eye to our future, I am confident we will make choices that will serve the future needs of our residents, businesses, and employees well.

Basics also include the most basic of all: how we manage our money.

During the last decade, the city faced tremendous fiscal challenges. The crash of the housing market decimated the city's tax base at the same time that Governor Pawlenty forced property taxpayers to cover the State's structural budget deficits through cuts to Local Government Aid. In addition, changes in State law shifted the property-tax burden from commercial and industrial properties onto homeowners. All the while, our broken closed pension system, now reformed, was placing tens of millions of dollars more burden on our taxpayers.

We met those challenges head on. We made painful decisions to cut into core services while still having to raise taxes just to keep the lights on. It was a very tough decade and we are glad it's behind us.

Now, in a growing economy, we face new challenges and we have to be nimble to meet them.

First, in these better times, our non-property tax revenue increased in ways that outpaced the wisely conservative expectations we had in the lean years. This is good news. Second, our departments have been managing their budgets well; some have consistently underspent their allocations. Also good news.

The combination of these factors, collecting more revenue and spending less, has resulted in an accumulation of one-time fund balances that exceeded what was needed to run the city well. In other words, we are bringing in more and spending less and we have accumulated extra over time.

Again, this is good news. It means the City is doing a good job managing our money, and it means the City is growing and thriving. But the good news requires us to adjust the way we operate, as well. We need to adjust our revenue projections to reflect the reality of a growing city, and we need to make strategic budgetary cuts to reflect the reality of our spending needs. In other words, we need to right-size our income and our expenses.

This budget does both.

First, we have increased the assumption of non-property tax revenues to match what we have seen over the past few years and can reasonably expect to see for the near term.

Second, we have made \$750,000 in on-going strategic cuts to departments to better align our expectations for what we ask them to do with what they are able to do.

All this allows us to have confidence that the investments this budget makes in transforming Minneapolis into a 21st-century city are sustainable and that we are setting ourselves and future leaders up for fiscal success.

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Public safety

No city service is more basic than public safety. No city service needs to shift to meet the demands of the 21st century as much as public safety.

In the 20th century, policing was focused on enforcement and arrest. Public safety in the 21st century requires a reimagining of how we make sure our city is safe and safe for everyone, everyneighborhood, all day and all night. It is about more than law enforcement alone: effective, responsive public safety is a 24/7 job that involves many partners, including our residents.

We hear the term “community policing” quite often. What does that mean? It means that our community, residents and businesses play a significant role in prioritizing and addressing public safety problems. It means our police department values problem-solving and partnerships, and it means that officers and residents are empowered to develop solutions together. Our residents are our most valuable resource when it comes to identifying community concerns. I want to make sure that our officers are equipped to listen, engage, and respond to the needs of the community.

How do we get there? It starts with building trust, and that starts with spending time. Officers must be able to take time to build relationships and trust with people who call

on them. This budget proposes investments that will allow officers more time to spend on calls, walk the beat, and get to know the communities they serve.

Today, I am proposing an investment in increasing the sworn complement of the Police Department by two new officers who will be focused on downtown Minneapolis, working with our youth outreach teams, the DID, our Safe Zone, and other partners to help make sure downtown is a good place for everyone.

While I do believe, along with Council Member Yang, that the number of officers in the City needs to be larger than the 862 authorized sworn officers I propose in this budget, I also know that we are working hard to fill the 860 sworn positions we have right now in the wake of a wave of retirements that has not slowed down. We will continue to focus on hiring and maintaining staffing at 862 officers as we prepare for the possibility of adding more sworn officers over time.

We have additional ways to create time for officers to spend in the community. First, in this budget I propose an investment in two additional forensic scientists for our Crime Lab. More Crime Lab personnel who can arrive at crime scenes faster means officers' time will be more flexible and investigators will see faster processing of case evidence.

In addition, I propose adding two analysts to our Crime Analysis Unit. These positions will result in better service and faster response times for requests for information, more support and information for precincts, and increased information available to the public.

Trust and relationships are easier to build with a police force that reflects the community it serves. I propose once again in this budget a one-time investment of \$300,000 in a recruit class, in addition to the on-going Community Service Officer classes I built into the budget last year.

These are basic services that, when done with an eye toward transforming how we do business, create efficiencies, help conduct our investigations even better, and support our patrol officers in the process. All of that helps build strong community relationships that will, in turn, increase public safety.

Body-worn cameras are designed to build trust between the police and the community by providing accurate accounts of interactions between officers and the public. This budget provides for two positions to redact video, ongoing funding for data storage, and grant matching funds for the cameras themselves.

Another basic service is making sure we support the health and wellness of our officers and do everything we can to help them serve the community to the best of their ability. We ask a lot of them and I thank them for their excellent service to the City. This budget anticipates an investment in an Early Intervention System, as recommended by the Department of Justice, so that we can help officers early on overcome personal or professional problems that affect their job performance.

Transforming public safety also entails reforming our municipal criminal-justice system, and that includes fresh thinking about work in our City Attorney's Office.

First, I propose funding a two-year pilot to create a process that allows the City Attorney's office to assume responsibility for charging misdemeanor in-custody arrests when an individual has been booked into the county jail. At the core of this is direct feedback to officers following the arrest if it does not meet the charging threshold. These new checks and balances will ensure more successful prosecutions and minimize needless arrests.

Second, a substantial proportion of arrests, and 30 percent of MPD's criminal caseload, are driving-related offenses, including driving after suspension or revocation of a license, or no proof of insurance. The City Attorney's office has implemented a diversion program for driving offenses that helps people obtain the reinstatement of their driver's licenses and avoid a common spiral of negative consequences. I have proposed an additional \$15,000 to help the Attorney's office increase the program's reach and reduce the negative impact on communities of color..

Finally, in order to benefit both criminal-justice reform and juvenile-justice reform, I propose to triple our investment in restorative justice, which I know Council Member Andrew Johnson will appreciate. Through a focus on taking responsibility, making amends, and repairing harm, restorative justice can lead to more successful rehabilitation for offenders and more meaningful healing and closure for victims. In doing so it creates stronger, healthier, and safer communities. Increasing this investment is an investment in our kids' futures and therefore our community's future.

From increasing our efficiency to free up officers' time to transforming municipal criminal justice work, we will be making our city stronger and safer.

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Children and youth

But the best public-safety investments are those that work to prevent people from turning to criminal activity in the first place. One smart, 21st-century way to provide the basics of public safety is investing in people's futures starting from day one.

The first place to start is with our youngest Minneapolitans: making sure they get a healthy start in life is the first step to lifelong health and success.

I thank again my Cradle to K Cabinet, co-chaired by Peggy Flanagan and Carolyn Smallwood for putting together thoughtful, practical recommendations. While the

Cabinet is spending the summer moving forward on next steps for implementation, I propose a suite of investments to get a jump-start on that work.

The first investment proposal for Cradle to K is in housing, an area of great focus for Council Members Jacob Frey and Lisa Bender. One of the notable features of the Cradle to K work is its focus on housing as a strategy to ensure a healthy start for kids. We know that kids who are stably housed have better outcomes than kids who aren't, even when you control for level of poverty. It is a priority for Heading Home Hennepin, our plan to end homelessness, and for my Cradle to K Cabinet, to make sure we can provide housing for kids and their families. I thank Mikkel Beckman for his work both on our Heading Home Hennepin and as the Cradle to K housing subcommittee chair.

As a result, this year I am inviting all of us as a community to expand our imaginations about how we think and talk about our housing investments. Our goal should be being able to say we housed people and families in need, and then we need to flexibly use all the tools at hand to make that goal a reality.

To that end, I am pleased to propose the addition of \$2 million to the Affordable Housing Trust Fund, including \$1 million from the general fund. I am also recommending adding \$800,000 to our home-rehabilitation program with a focus on enabling seniors to stay in their homes, which Council Member John Quincy has long championed as a part of his dedication to affordable housing.

This investment is important — and it is not enough, because it does not meet the full range of need. In particular, families with many children, including those headed by single women, are showing up at our shelter doors in increasing numbers, but available housing for them is not keeping up. We need to do more.

To meet that need, I am also adding \$1 million in flexible dollars to provide for the creation of affordable housing options three bedrooms and larger as well as targeted rental assistance for families leaving shelters.

I do not propose, however, putting the \$1 million for family housing into the Trust Fund. Minneapolis has been a leader on affordable housing, thanks in no small part to the leadership of Council Member Lisa Goodman. While the Trust Fund has been and will continue to be an invaluable tool to make sure we are creating affordable housing in Minneapolis, we need to be doing more. The policy limitations of the fund, including the \$25,000 cap on investment per unit, combined with a lack of rent subsidies for people at 30% or lower of the median area income, are leaving our poorest families behind.

As Council Member Warsame and I have discussed, we are not currently building or making enough housing accessible for many of these families, especially larger families. And that's why we must bring our broader imagination to bear.

As we have this discussion, my proposed budget makes an overall investment of more than \$13 million in affordable housing, including \$8.5 million in the Affordable Housing Trust Fund.

I am confident that we will all be able to work together to expand our thinking and innovate in making affordable housing options a reality for all. This is another place where how we do business must match the business that needs doing.

A critical piece to help us with the work we do together will be the Bloomberg Innovation Team we brought on this year. The i-Team is focusing their work first on identifying ways the City can support more equitable housing outcomes through its services and policies service delivery. I expect that data-driven process will result in increasing access and opportunities to safe, liveable, and affordable housing.

My budget also supports the work of Cradle to K by investing in lead testing in homes, community outreach and education about autism, particularly in the Somali community, and seed dollars for a word gap project to help our babies' brains develop fully by the time they are three.

Finally, we know that a pathway to employment is one of the most critical needs for young people in our community most at risk of being victims or perpetrators of violence. When I asked my friend Soldon what was one thing that could help turn his life away from the streets and toward a better future, his answer was clear and it was two words: "a job."

Soldon here this morning was a participant in a great program we already have piloted at the city called BUILD Leaders. BUILD Leaders is a proven strategy to take advantage of the genius in young communities of color and provide the mentorship and training that will prepare these young people to lead our future. Young men who are stepping back on the right path are trained to work with boys 9-12 years old to keep the next generation off the wrong path altogether. While they do that, they are learning employment skills. This budget proposes funding for an on-going BUILD Leaders program, including a cohort in partnership with Little Earth United Communities, led by Robert Lilligren also here this morning. Often people are shocked to learn that Native American men are proportionally the most incarcerated group of people in our country. I believe the BUILD Leaders curriculum in the Native community can start turning those numbers around.

This investment also aligns closely with the goals of our My Brother's Keeper Action Plan, which Saint Paul Mayor Chris Coleman and I rolled out last spring in collaboration

with the community and the philanthropic sector. I am grateful to President Obama for pushing us to act on the principle that our boys and young men of color are assets whose genius we should support and celebrate.

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Workforce of the future

I was pleased recently to host HUD Secretary Julián Castro in North Minneapolis for a tour of our Promise Zone. We visited innovative small businesses on West Broadway where young people are learning on-the-job skills that are putting them on track to hold even better jobs and to become the job creators of the future.

Making sure Minneapolis has the workforce of the future is crucial — and we must begin at home. This budget proposes key investments to make sure that our young people have an imagination for a career at the City of Minneapolis, and that we are creating room for them.

I give a lot of credit to our Fire Chief, John Fruetel. He has long had a vision for getting younger kids interested in becoming firefighters when they grow up.

Chief Fruetel has created four ways to recruit and hire within the Fire Department as part of an innovative school-to-career pathway that I am pleased to propose funding for a total of \$200,000.

First, this fall will see the launch of the hands-on Fire Explorer program for Minneapolis residents between the ages of 15 and 21. Youth will have the opportunity to explore the career of firefighter by training with and learning from Minneapolis firefighters themselves.

Second, we have the EMT Pathways Program we launched last year at Roosevelt High School. It's a two-year program and curriculum that incorporates leadership development, mentoring, and hands-on experience with an EMT course. I propose expanding the program.

Third, we will be launching the EMS Academy, a partnership between the Fire Department, the Minneapolis Foundation and other healthcare organizations that will pay low-income residents, people of color, and women between the ages of 18 and 25 while they train to become Certified Emergency Medical Technicians. The goal is to provide a much-needed pipeline of diverse candidates for the Minneapolis Fire Department and the emergency medical workforce of our community. My thanks go to Luz Frías of the Minneapolis Foundation for pushing to making this partnership a reality.

Finally, I am investing in a new classification in our Fire Department to create a new ladder into the department. At first, it will be open to graduates of the EMS Academy, and will serve as another pipeline to become a Minneapolis firefighter.

These sort of innovative pipelines, starting in high school or even earlier, are great examples of what we as an enterprise can do to give our young people an imagination for careers at the city.

My budget invests in developing the 21st-century workforce in the private sector as well.

I was proud of the City last year when President Obama chose us to be part of his forward-thinking TechHire initiative, a cohort of 20 entities that are making a commitment to train and retrain adults for the technology jobs of the fast-approaching future—particularly those adults who have been underrepresented in the tech sector. It works this way: accelerated programs train people in coding and other tech fields; employers help sponsor the cohorts and guarantee jobs at the end; and we as a City partner to help make certain that Minneapolitans, particularly women and people of color, have access to the training opportunity.

I've heard directly from our business leaders in the City and region — from retail to the tech sector — that everyone is looking to hire a prepared workforce of the future, and our educational institutions are looking to provide it. The budget I propose today adds funding to fully roll out the City portion of the TechHire program and directly fund 30 scholarships for women and people of color. It's a new way of transforming a basic service to meet the changing demands of a new economy in a young century.

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Workplace of the future

As I said in April in my State of the City address, if we are building the workforce for the 21st century, then we must create the workplace of the 21st century as well.

One of the best ways to attract talent and build on the talent that we have at our fingertips is to ensure a working environment that does right by everyone - from low-income to high-wage workers.

I also announced, in cooperation with Council Members, advocates, and the business community, a Minneapolis Working Families Agenda. Together, we established three key issues our agenda would address: fair scheduling, wage theft, and earned sick and safe time.

Vice President Elizabeth Glidden has been leading the effort to determine the best policies for the City to adopt to address these issues. Anticipating that the Council will

be ready to act on recommendations that the group will make this fall, we need to hit the ground running as soon as the Council passes that policy.

While we know that new ordinances will not be ready for enforcement on January 1, 2016, we also know that any new protections we put in place will require a great deal of up-front work, including outreach so that businesses and employees know what to expect. I am proposing two positions that will be critical to our ability to put forward well-thought out and effective enforcement mechanisms.

My budget also proposes an investment in studying the impact of a regional minimum wage increase. While I have long said I don't believe Minneapolis should go it alone on a minimum wage increase, the question of what it would look like for us to do it regionally is timely and important.

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Creating jobs

As I said in my state of the city address, we must prepare people to take the jobs of the future in the workplaces of the future. But we must also prepare people to create the jobs of the future.

Investments in entrepreneurship, made well, don't just increase our business growth. They contribute to our sustainability and to the livability of our city as well. We also know that last year, 28% of new businesses in the United States were started by immigrants, 22% by Latinas and Latinos. We know that entrepreneurs of color tend to hire more people of color themselves, and that the fastest and best way for people of color to build wealth is through starting their own businesses. Entrepreneurs are the vanguard of our growth and innovation. Investments in this budget reflect that.

This spring, the Business Made Simple working group was charged with implementing recommendations made after a year spent talking with small business owners citywide. This budget provides one-time funding to help make real those recommendations throughout the city enterprise. We need to make sure that people who want to make good investments in Minneapolis can and that we are not only getting out of the way but helping out.

I also propose support for sustainable economic development. The Green Zones pilot can harness economic-development opportunities to catalyze environmental and economic justice in vulnerable neighborhoods. The Green Business Matching Investments Program provides up-front matching funds for businesses like gas station and dry cleaners and nail salons that work with hazardous substances to operate more cleanly and more efficiently. I propose to expand the match-grant project, which in

2015, already reduced 26,000 pounds of volatile organic compounds and air pollutants. That's equivalent to removing Minneapolis' 8th-largest polluter.

Another key to job creation is our creative sector. We know from our Creative Vitality Index that more than 20,000 people are employed in creative jobs in Minneapolis, and that our region ranks sixth in the country in creative vitality. I propose a suite of investments to fuel this growth:

First, a capital investment of \$580,000 — or two percent of our net-debt bond program — for public art. Second, an additional STEP-UP intern and Urban Scholar to be housed in our Arts, Culture, and Creative Economy program in the Coordinator's office, to give our young people an imagination for creative careers. Third, resources to support the rollout of the City's 10-year arts plan, which focuses on grassroots artists and the growing artistic demand in our neighborhoods and in communities of color.

Finally, my budget joins the Park Board and the Mississippi Watershed Management Organization in investing \$400,000 in a pedestrian-safety-oriented redesign of Vineland Avenue at the Walker Art Center, to help the Walker realize its major investment in a unified cultural center. This investment will leverage the significant investments that the State of Minnesota is making in the sculpture garden and the Hennepin/Lyndale commons redesign, and that the Walker itself is making, including by assessing itself over 20 years.

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One final note: we speak often, as we should, about the importance of the STEM sector— science, technology, engineering, and math — and how essential it is to our future growth. It is right that we do this because it is true. At the same time, when we speak of the arts, we tend to speak of it as entertainment, or as an intangible that improves our quality of life. But the creative sector is more than that: it is a driver of economic growth that creates and supports jobs, nurtures entrepreneurs, and drives talent. The arts are a uniquely powerful vehicle for building One Minneapolis. I propose that we can add an "A" to STEM and speak of the importance of the unified STEAM sector to our future.

Managing growth and infrastructure

Doing the basics of running a city well mean that we must help manage the new realities of growth, and set the stage for growth through our infrastructure.

To manage our construction growth, and to ensure that developers can build new buildings quickly and safely, I am adding four new construction inspectors. To maintain

our existing housing stock and ensure that it meets community standards, I am also recommending the addition of six housing inspectors.

We also facilitate growth by maintaining and improving our infrastructure — and right now, we have an obvious need at the 10th Avenue Bridge over the Mississippi. Just downstream from the new 35W Bridge, the decay on the 10th Avenue Bridge is clearly visible to anyone. The cost of rehabilitation is more than \$40 million. My budget includes \$10 million to match the \$30 million that we are grateful Governor Dayton included in his proposed bonding package this year, and which we hope he renews next year. I am eager to be a partner with him.

Our Upper Harbor Terminal represents an historic opportunity for growth, revitalization, and sustainability for our city. Council President Johnson and I have worked hard together to move forward a shared vision for the future of this riverfront site now that the Upper St. Anthony Falls Lock and Dam has closed. The possibilities that the creation of a riverfront greenspace amenity and accompanying development could bring are exciting. My budget continues to invest in this opportunity, by providing resources for the next stage of preparation and development of the site.

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Climate change and sustainability

I had the opportunity this summer to accept an invitation from Pope Francis to go to the Vatican and meet with Mayors from around the world about what the Pope considers the two biggest issues facing humanity: human trafficking and climate change.

While there I was able to see that climate and trafficking are, indeed, interrelated. It's easier to see from the perspective of the Mayor of Gaborone [gah-bo-RO-nay], Botswana that droughts hit hardest those who have the least, and that in turn encourages migration. In other words, the effects of warming our climate make people even more vulnerable to trafficking. Listening to this global perspective from mayors makes clear that our climate is about our people, and our economy, and is already creating suffering around the world.

I thank the Pope for his vision and his commitment to catalyzing action on climate change.

In the end it is clear: making sure we are providing the basics in a 21st-century city means we have to consider halting climate change and effectively managing its impacts a basic part of municipal government.

This is something we have been acting on as a city for some time and we are implementing smart plans to show for it, including the Climate Action Plan I was proud to vote for as Council Member.

And just last year, Minneapolis, thanks in no small part to the visionary leadership of Council Members like Cam Gordon, created a first-in-the-nation Clean Energy Partnership among the City, the utilities that serve Minneapolis, and the community.

We released a work plan for 2015 and 2016 that sets mutual goals for increasing renewable energy use and decreasing greenhouse emissions. Our one-time investments last year helped drive the creation of the work plan and establishment of the Energy Vision Advisory Committee. And very soon, we will roll out the partnership's first programmatic investments through the Center for Energy and the Environment.

Well-run cities make smart investments, and the especially smart investments are those that pay for themselves. As part of our ongoing efforts to reduce our energy use and provide services equitably, I have included one-time funding to accelerate our conversion of city-owned streetlights to LED technology: for \$400,000, we will implement approximately 900 LED fixtures, sooner which will save about \$113,000 a year over their life cycle. The savings from less energy use and maintenance means that this investment will pay for itself in just three and a half years.

In addition, the City of Minneapolis is also helping lead the way in waste reduction. On the recommendation of the Zero Waste Working Group, the Council adopted new, forward-thinking citywide recycling and composting goals of 50% by 2020 and 80% by 2030. That is the platform on which we are creating the Zero Waste Minneapolis Plan. The Work Group is on target for development of the plan this fall in time for adoption in early 2016. Meeting these goals won't happen by accident, however. We know we have work to do to increase resident participation in our waste programs, particularly in under-engaged communities. I am making a one-time, \$50,000 investment in our Zero Waste work to support the outreach strategies that will come from the plan. I am grateful to Council Members Reich, Cano, Palmisano, and Gordon for their hard work toward creating the plan.

Planning for our city's growth and development, and deciding as a community how we choose to shape them, is a basic function of city government. Our new comprehensive plan will help us provide that basic service in a new way to meet the challenges of the 21st century.

I believe we should seize the opportunity of the Comprehensive Plan to structure our vision of our future in part around the twin principles of sustainability and equity. Minneapolis was recently named the #2 city in the country that will be affected by climate change, right after New Orleans. While we are investing in reversing the effects of climate change, we also know it is already here, and we know we will need to adapt

and be resilient. And we know here and across the world that that resiliency must be coupled with equity.

I am proposing two positions in CPED for the next three years to help support the creation of our new Comprehensive plan, which is due to the Metropolitan Council in mid-2018.

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Smart choices pay off

When we started today, I talked about the need to right size the city budget, that our financial context has changed and that how we budget needs to change with it. This budget accounts for prudent reduction in the size of our fund balance: a source of one-time dollars that has allowed for many of the budget enhancements I have proposed today. This budget has also shifted dollars within some departments, taking long unfilled positions and re-deploying them in service of the needs of a new city in a new century. And this budget proposes outright cuts to departments as well.

Last year, I made the case that it is important that our budget and tax policy account for the effect of inflation on current levels of service. Remember, we as a city levy an amount of money. That amount doesn't automatically expand or contract depending on our property tax capacity. It is good that there are cranes across the sky as far as the eye can see, but it's important to remember that that doesn't automatically mean we collect more money in property taxes. It does mean that more properties are available to share in the overall amount that we levy, but we still have to set the amount of property taxes we need. If we don't levy for inflation, it results in an across-the-board cut to the levels of service we provide.

This year, just to keep doing what we have been doing — only to maintain current services and account for inflation — would have required a 4.4 percent increase to the levy.

Instead, through that prudent combination of right-sizing the budget for a new economy and making cuts, this year I am instead proposing a **three** point four (3.4) percent increase to the levy.

That is one full percentage point lower than we would have needed had we not made smart choices to right-size revenue and spending. These choices not only brought down the levy increase by one full percentage point, they gave us the flexibility to make changes to how we do business and make transformative investments in what it takes to be a great 21st-century city.

Remember also that an increase in the overall amount that we collect from property taxes does not mean that all property owners see an increase. With this proposed levy

for 2016, in fact, nearly two-thirds of all residential taxpayers will see a decrease in the City portion of their property taxes.

Let me repeat: with this levy, the City property taxes of nearly two-thirds of homeowners will go down.

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To meet the needs of a 21st-century city, we must transform how we do our work at the very basic level. To be the city of the 21st century, we must understand that we are leaving behind many things that worked for the 20th century. We must look forward: what are cities like now? What will they be like in the future? What will people want or need in ten years? Fifty years? And what do we need to be doing now to provide for that?

We are in the process of transformation. It will be uncomfortable. It already is. That discomfort is the natural sign of a city in the process of adaptation to new realities and transformation into something bigger and better.

Indeed, these changes are fundamental. We are not working around the edges: we are dedicating ourselves to the work of system transformation. We are not yet the city of the future. But we are riding its crest and when we do this right, with persistence and dedication and a willingness to invest in the basics, we will have the world before us and we will be leading it.