

ST. PAUL

St. Paul mayor proposes 23.9 percent tax levy increase, says it's a primarily cost shift

In his last budget address, held at St. Paul College, Chris Coleman says the increase primarily is a cost shift.

By Jessie Van Berkel (<http://www.startribune.com/jessie-van-berkel/280701532/>) and Adam Belz (<http://www.startribune.com/adam-belz/158965945/>) Star Tribune

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St. Paul Mayor Chris Coleman proposed a 23.9 percent property tax levy hike for 2018 — the city's biggest increase in decades — as part of a budget plan announced Tuesday that changes the way the city covers street maintenance costs.

"It is difficult to stand before you and even propose it," Coleman said during his final mayoral budget address at St. Paul College. "Any other choice would have passed the problem on to my successor, and while I would have liked to have done that, it wouldn't have been fair."

Residents will see a drop in their assessment bills as the city shifts the maintenance costs to taxes. Coleman, who is running for governor, highlighted public safety, environmental and jobs spending priorities in his \$561 million operating budget. He also proposed a \$55 million capital improvement budget that includes money for housing, transportation and recreation infrastructure improvements.

Mayors typically give budget speeches in August, but Minneapolis Mayor Betsy Hodges said Tuesday she is still finalizing the 2018 budget and working with new Acting Police Chief Medaria Arradondo to get his ideas for city spending in the police department. But she released an outline of her \$1.4 billion budget (<https://www.scribd.com/document/356388000/2018-Budget-Message>) on Tuesday, including a 5.5 percent increase in the property tax levy.

St. Paul's large levy increase is the result of a legal challenge. Last year, the Minnesota Supreme Court called into question the city's practice of charging property owners right of way assessments to pay for maintenance. Coleman proposed using property taxes in 2018 to pay for much of the street upkeep previously funded through assessments.

That increased the levy by 19 percent, and the rest of the tax increase largely covers inflationary costs, he said. For someone with a median value home, city taxes and fees will increase by \$77 to a total of \$1,556, according to city estimates.

Budget could evolve

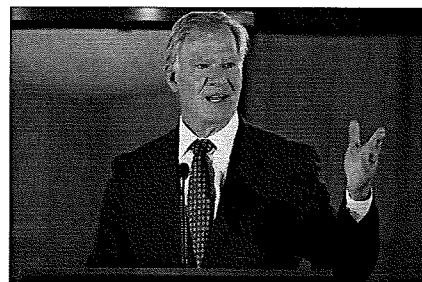
The mayor's plan calls for changes in the St. Paul police and fire departments. It would add six police officers — four with specialized mental health training — and \$750,000 to fully implement body cameras. The fire department would cut spending on some fire and rescue teams, but spend more on medical calls, in line with a consulting group's recent recommendation.

Fire Chief Tim Butler said his department has traditionally advocated for increased medical services without compromising fire suppression.

The mayor's budget also dedicates \$1.2 million more — for a total of \$2.6 million in 2018 — to deal with emerald ash borer.

After a first look at the budget, Council Member Jane Prince said she liked the mayor's plans to add 187 free parks and recreation classes, as well as his ongoing funding for a youth jobs program and community ambassadors who work with police.

"I also think it's really courageous of him to take on this levy increase," Prince said.



(http://stmedia.startribune.com/images/1502849942_10050821+1budget081617.JPG)
ELIZABETH FLORES, STAR TRIBUNE

St. Paul Mayor Chris Coleman gave his final budget address at St. Paul College, Tuesday, August 15, 2017 in St. Paul, MN.
St. Paul Budget Highlights

23.9 percent: Proposed property tax levy increase.

\$77: Tax and fee increase for median value home.

\$12,700: Projected increase in median home value.

6: New police officers, four with mental health training.

\$1.2 million: Additional funding to handle emerald ash borer infestation.

The Minnesota Jobs Coalition had a different take.

"Today's announcement is proof positive that Minnesotans can't afford Coleman's out of control spending," John Rouleau, executive director of the Republican-leaning coalition, said in a statement.

Council members will consider Coleman's plan over the next few months and might make changes. The City Council adopts the budget and tax levy in December.

The council has asked staff to analyze the impact of shifting all street maintenance costs to property taxes, which would further increase the levy. Council Members Amy Brendmoen and Rebecca Noecker said Tuesday they want all the data before them and wouldn't necessarily take that approach.

Coleman's budget shifts \$20 million of those maintenance costs to taxes. But he wants to continue to collect about \$10 million through assessments that city staff say are legal under the state Supreme Court's ruling.

St. Paul leaders' budget decisions are just one aspect of taxpayers' final bills. Ramsey County and the school district also make taxing decisions and the changing real estate market is driving up home values — and how much some people pay in property taxes. The median value of a single-family home in St. Paul is estimated to increase by \$12,700 to \$173,900 next year, according to Ramsey County budget documents.

Hodges finalizing budget

In Minneapolis, what Hodges' levy means for people's tax bills will vary by the type of property and its value. It is the second year in a row that Hodges has proposed raising the levy by 5.5 percent.

For an owner-occupied home worth \$166,500, Hodges' budget recommendation will raise the city portion of the property tax bill by \$61, or 7.3 percent. An apartment building worth \$5 million will pay \$2,346 more in property taxes, or 6.5 percent.

The police and public works departments will get 7.2 percent and 8.3 percent increases, respectively, in funding under the proposed budget. In a statement Tuesday, Hodges noted the city's continued funding for a 20-year street and parks maintenance plan. Hodges will share her full budget proposal and give a speech about it Sept. 12 at City Hall.

"The fiscal health of our City is strong, but we have more work to do in order to fulfill the promise of One Minneapolis for all of our neighbors," Hodges said in a statement Tuesday. "I look forward to sharing more of my vision with Council Members and our residents."

Jessie.VanBerkel@startribune.com

adam.belz@startribune.com

612-673-4405

adambelz