

## **Program History**

In May 1993, the Minnesota State Legislature authorized the City of Saint Paul to levy an additional half-cent sales tax to make needed improvements to the Saint Paul RiverCentre complex and create the Neighborhood Sales Tax Revitalization or STAR Program and a Cultural STAR Program. The goal of STAR is to utilize funds for capital improvements to further residential, cultural, economic and commercial development in Saint Paul.

Under its current structure, the Neighborhood STAR portion of the half-cent sales tax revenue equals 50 percent, a Cultural STAR effort uses 10 percent and the remaining 40 percent supports RiverCentre capital needs and additional economic development activities.

## **Key Features**

The Neighborhood STAR Program is administered by the Department of Planning and Economic Development, and awards loans and grants for capital (bricks and mortar) projects within Saint Paul neighborhoods.

Eligible STAR applicants include private for-profit businesses and public, non-profit entities doing business within the City of Saint Paul.

All STAR funds are matched on a minimum dollar for dollar basis with non-city resources.

Neighborhood STAR dollars must be spent on physical improvements with an expected life of at least seven (7) years.

In 2016, Neighborhood STAR funds were awarded through one competitive application process. An orientation was held in February and thirty-nine (39) applications were received in late-March. On August 3, 2016, the Mayor and City Council approved nineteen (19) proposals through the 2016 STAR Program totaling \$2,033,029 and leveraging more than \$15.3 million dollars in non-city resources.

## **Neighborhood STAR Board**

Community involvement and participation is essential to the Neighborhood STAR Program's success. The twenty-one (21) member citizen board provides advice and recommendations to elected officials on all aspects of the STAR Program. Volunteer members are selected by the Mayor and approved by City Council to serve a four-year term. In addition to being geographically represented, the Neighborhood STAR Board provides a unique cross section of knowledge and expertise.

## **Accomplishments & Outside Investment**

Since 1995, Neighborhood STAR has assisted over 900 projects with more than \$114 million in STAR dollars. These funds are estimated to have generated more than \$1.2 billion dollars in private investment throughout Saint Paul.

## **Loan Component**

Loan funds are available to non-profit and for-profit entities whose projects and/or programs would result in desirable improvements within Saint Paul neighborhoods. Nine (9) loans were awarded via the 2016 annual Neighborhood STAR Program equaling \$687,500.

## **Neighborhood STAR Allocations**

In 2016, Neighborhood STAR's budget of half-cent sales tax collections equaled \$9,524,831. From this total, \$3.5 million supported ongoing city debt for neighborhood investments; \$2,197,215 was committed to repaying 2007 bonds issued to capitalize the Invest Saint Paul neighborhood stabilization program; \$1,525,000 supported public safety through the Capital City Program; \$350,000 was dedicated to the Year-Round STAR Program; and \$15,000 was allocated to Investment Services. The primary subject of this report is the more than \$2 million invested in Saint Paul vitality and businesses, tax base and job growth through the 2016 Neighborhood STAR annual competitive application process.

## **Debt Service**

In 2003, the Mayor and City Council approved the use of Neighborhood STAR dollars for city debt service. Legislation adopted in 2005 and amended in 2009 capped funding for general city debt service at \$3.5 million per year. In 2013, the law was once again amended to remove the cap and allow expenditures for "any economic development purpose," which may include debt service. In 2016, \$3.5 million of Neighborhood STAR funds were budgeted for general debt service bringing the STAR-funding total to more than \$50.2 million.

## **STAR Economic Development Bonds**

In 2005, the Minnesota Legislature provided the City of Saint Paul bonding authority for economic development investments supported by up to 20 percent of the revenue from the city's half-cent sales tax. In 2007, the City of Saint Paul issued \$25 million in economic development bonds to capitalize the Invest Saint Paul Program. Debt service for these bonds in 2016 equaled \$2,197,215. To date, \$19,631,105 has supported this initiative.

## **City Capital Project Program**

An annual allocation of \$1,525,000 in Neighborhood STAR dollars began in 2006 for the lease and/or purchase of police, fire and parks vehicles and/or city equipment. The program's allocation to date is \$15,940,000.

## **Year-Round STAR Program**

The Mayor or City Council Members recommend STAR funds for individual projects throughout each year. The Neighborhood STAR Board reviews and ranks each proposal and forwards their recommendation to the Mayor and City Council for final approval. In 2016, (10) grants were awarded through the Year-Round STAR Program equaling \$382,125 and leveraging an anticipated \$2,069,000 in outside investments.

## 2016 STAR Awards:

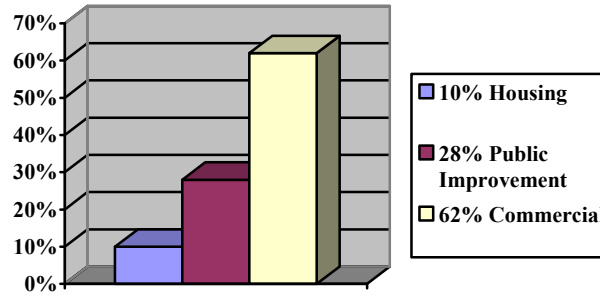
### (19) Neighborhood STAR Program Awards

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
Silhouette Bakery Security	1	\$12,500	\$12,500
Mt. Airy HVAC Upgrade	1		125,000
Frogstown Curling Club	1		9,130
Rondo Comm. Land Trust	1		124,600
Transforming Central	1		100,000
Western U Plaza	1	50,000	50,000
Gemini LLC, 160 Wabasha	2	190,000	40,000
J. J. Hill Center Balustrade	2		12,000
North Garden Theater	2	25,000	24,999
IFP MN Ceiling Tiles	4		5,000
MINCAM Community Center	4		37,000
Burning Brothers Patio	4	10,000	10,000
MORE Sidewalk & Ramp	5		11,000
Cookie Cart Bakery	6	100,000	100,000
Karibu Grocery, 719 Payne	7	90,000	90,000
GROW-IT Center	7		84,300
NDC Business Incubator	7		350,000
NENDC North End Program	7	100,000	100,000
Sky Blue Waters, LLC	7	110,000	60,000
<b>Totals:</b>		<b>\$687,500</b>	<b>\$1,345,529</b>

### (10) Year-Round STAR Program Awards

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
East African Women's Shelter	1		50,000
Capitol Heights Banner	1		5,000
Jefferson Griggs Bikeway	4		40,000
Paisley Bench Sculpture	5		2,960
Rice Area Business Program	5		50,000
McDonough Garden Fence	5		5,000
Hazelwood & Maryland Camera	6		16,631
Karibu Grocery, 719 Payne	7		15,000
Three Dayton's Bluff Homes	7		147,334
Islamic Center Gym Rehab.	7		50,000
<b>Totals:</b>		<b>\$0</b>	<b>\$382,125</b>

## 2016 Neighborhood STAR and Year-Round STAR Awards by Category



### City of Saint Paul

Mayor Christopher B. Coleman

Councilmember Dai Thao

Councilmember Rebecca Noecker

Councilmember Chris Tolbert

City Council President, Russ Stark

Councilmember Amy Brendmoen

Councilmember Dan Bostrom

Councilmember Jane Prince

Ward

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### Department of Planning and Economic Development (PED)

Jonathan Sage-Martinson, Director

Kristin Guild, Deputy Director

### Neighborhood STAR Program:

Austria Castillo, Michele Swanson,

Beth Ulrich

*Questions on the Neighborhood STAR Program:  
651-266-STAR / [www.stpaul.gov/STAR](http://www.stpaul.gov/STAR)*

## Neighborhood Sales Tax Revitalization (STAR) Program

### 2016 Annual Report



The City of Saint Paul's Neighborhood Sales Tax Revitalization (STAR) Program has completed twenty-two (22) years of awarding loans and grants to revitalize Saint Paul neighborhoods.

This report includes:

- \* Program History
- \* Key Features
- \* Neighborhood STAR Board
- \* Accomplishments & Outside Investment
- \* Loan Component
- \* STAR Funding Allocations
- \* Economic Development Bonds
- \* Debt Service
- \* City Capital Project Program
- \* 2016 Neighborhood STAR Awards
- \* 2016 Year-Round STAR Awards
- \* 2016 STAR Awards by Category

### 2016 Neighborhood STAR Board

Elizabeth Wefel, Chair

John Curry, Vice Chair

Alex Bajwa

Angela Burns

Michael DeCourcy

Marjorie Ebensteiner

Jeremiah Ellis

Rachel Gillespie

Ray Hess

Richard Holst

Robin Madsen

Lucie Passus

Brooke Rivers

Jon Schumacher

Jim Stahlmann

Tong Thao

Charlie VanderAarde

Marny Xiong