

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 2017, Neighborhood STAR funds were awarded through one competitive application process. An orientation was held in early-February and 31 applications were received in late-March. On July 19, 2017, the Mayor and City Council approved 19 proposals totaling \$2,088,307 and leveraging more than \$10.8 million in non-city resources.

In the fall of 2017, additional Neighborhood STAR funds were identified via STAR projects either not moving forward or being completed under budget. On November 15, 2017, the Mayor and City Council approved additional financing for one 2017 proposal and funded two additional projects equaling \$377,552 and leveraged with an additional \$1 million in private dollars.

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, the Neighborhood STAR Program has assisted over 945 projects with more than \$118 million in STAR dollars. These funds are estimated to have generated more than \$1.2 billion dollars in private investment throughout the City of 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 2017 annual Neighborhood STAR Program equaling \$632,163.

Neighborhood STAR Allocations

In 2017, Neighborhood STAR's budget of half-cent sales tax collections equaled \$10,515,274. From this total, \$3.5 million supported ongoing city debt for neighborhood investments; \$1,797,692 was committed to repaying 2007 bonds issued to capitalize the Invest Saint Paul neighborhood stabilization program; \$1,766,611 was dedicated to the 2017 Right of Way Program; \$1,525,000 supported public safety through the Capital City Program; and \$15,000 was allocated towards STAR 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 2017 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 2017, \$3.5 million of Neighborhood STAR dollars were budgeted for general debt service totaling more than \$53.7 million supporting this initiative to date.

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 restructuring occurred in 2017 lowering Neighborhood STAR's annual budgeted commitment by \$400,000 to \$1,797,692. To date, \$21,428,797 of STAR funds have been dedicated to economic development bond repayments.

City Capital Project Program

An annual allocation of \$1,525,000 in Neighborhood STAR dollars began in 2006 for the lease or purchase of police, fire and parks vehicles and/or city equipment. In 2015, an additional \$1.1 million was dedicated to this initiative. The 2017 allocation of \$1,525,000 brings the accumulative total of Neighborhood STAR funds dedicated to this program to \$18,565,000.

Year-Round STAR Program

The Mayor or City Council Members recommend STAR funds for individual projects throughout the year. The Neighborhood STAR Board reviews and ranks each proposal and forwards their recommendation to the Mayor and City Council for final approval. In 2017, thirteen (13) grants and (1) loan were awarded through the Year-Round STAR Program equaling \$260,755 and leveraging an anticipated \$891,020 in outside investments.

2017 STAR Awards:

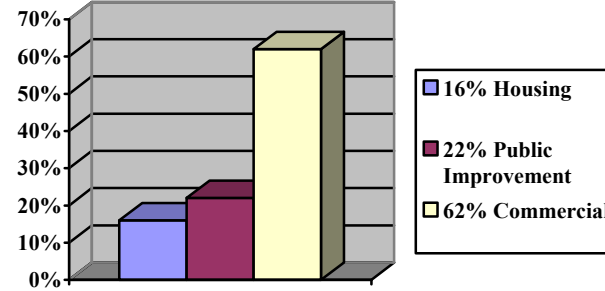
(21) Neighborhood STAR Program Awards

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
704-738 University Ave.	1	47,500	47,500
SPIP Rehabilitation	1	0	114,523
Lovejoy Garden	1	0	25,000
Lifetrack	1	70,000	105,000
New Lens Selby Ave.	1	0	46,520
James J Hill Balustrade	2	0	12,000
Levee Juice Company	2	6,000	6,000
Capital Deals	2	8,663	8,662
CSPS Hall Restoration	2	0	85,979
NeDA Cesar Chavez Space	2	0	75,000
Rice Park Revitalization	2	0	200,000
Dunn Brothers Expansion	2	195,000	0
Union Gospel Roof	2	0	45,000
Jewish Community Center	3	0	138,471
International Institute of MN	4	0	200,000
Village on Rivoli, Phase 2	5	0	290,960
NENDC Ward 5 Program	5	75,000	75,000
MN Humanities Center	6	150,000	100,000
NENDC Ward 7 Program	7	75,000	75,000
WSCHS School Clinic	7	5,000	19,000
AEDS Loan Program	ALL	0	100,000
Totals:		\$632,163	\$1,769,615

(13) Year-Round STAR Program Awards

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
MMAA Hmong Murals	2		5,000
Jewish Community Center	3		61,529
Lulu's Deli	3	5,000	5,000
BNSF Mural	5		20,000
Bike Racks & Garden Sign	5		4,000
North End Banners	5		9,021
MN China Friendship Garden.	6		16,700
Security Camera	6		14,193
Phalen Village Fence	6		10,000
Ward 6 Restaurant	6		5,312
Freedom Library HVAC	6		25,000
378 Maria Tuckpointing	7		5,000
629 Whitall Acquisition	7		75,000
Totals:		\$5,000	\$255,755

2017 Neighborhood STAR and Year-Round STAR Awards by Category



City of Saint Paul

Mayor Christopher B. Coleman

	<u>Ward</u>
Councilmember Dai Thao	1
Councilmember Rebecca Noecker	2
Councilmember Chris Tolbert	3
City Council President, Russ Stark	4
Councilmember Amy Brendmoen	5
Councilmember Dan Bostrom	6
Councilmember Jane Prince	7

Department of Planning and Economic Development (PED)

Jonathan Sage-Martinson, Director
Kristin Guild, Deputy Director

Neighborhood STAR Program:

Michele Swanson, Austria Castillo

Questions on the Neighborhood STAR Program:
www.stpaul.gov/STAR



Neighborhood Sales Tax Revitalization (STAR) Program

2017 Annual Report

The City of Saint Paul's Neighborhood Sales Tax Revitalization (STAR) Program has completed twenty-three (23) 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
- * 2017 Neighborhood STAR Awards
- * 2017 Year-Round STAR Awards
- * 2017 STAR Awards by Category

2017 Neighborhood STAR Board Members

Elizabeth Wefel and Lucie Passus, Chair

Lucie Passus and Derek Anders-Turner, Vice Chair

Alex Bajwa	Sally Bauer	Angela Burns
John Curry	Michael DeCourcy	Marjorie Ebensteiner
Jeremiah Ellis	Melissa Finnegan	Rachel Gillespie
Owen Hansen	Mustafa Hassan Diriye	Ray Hess
Richard Holst	Robin Madsen	Tony Parrish
Kaylan Pundsack	Jon Schumacher	Jim Stahlmann
Tong Thao	Charlie VanderAarde	David Washington
Juliana Wilkins	Marny Xiong	Cody Zwiefelhofer