

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 improvements to the Saint Paul RiverCentre complex and create the Neighborhood Sales Tax Revitalization (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 within the City of Saint Paul.

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 grants and STAR loans over \$50,000 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 2020, Neighborhood STAR funds were awarded through one competitive application process. An orientation was held in late-January and 59 applications were received by the April 3, 2020 deadline. After an extensive review process, the Mayor and City Council approved 21 loan and grant proposals on September 2, 2020, totaling \$1,602,643 and leveraging over \$17.5 million in non-city resources.

Accomplishments & Outside Investment

Since 1995, Neighborhood STAR has assisted over 1,067 projects and programs with more than \$125 million in grant and loan assistance. These funds are estimated to have generated more than \$1.3 billion dollars of private investments throughout the City of Saint Paul.

Neighborhood STAR Board

Community involvement and participation is essential to the Neighborhood STAR Program's success. The twenty-one (21) member resident board provides advice and recommendations to elected officials on all aspects of the Neighborhood 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.

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 2020 annual Neighborhood STAR Program equaling \$408,010

Neighborhood STAR Allocations

In 2020, Neighborhood STAR's budget of half-cent sales tax collections equaled \$10,100,713. From this total, \$4,250,000 supported ongoing city debt for neighborhood investments; \$2,972,937 was committed to repaying STAR economic development bonds; \$200,000 was dedicated to the Neighborhood STAR Year-Round Program; \$1,525,000 supported public safety through the Capital City Program; \$15,000 was allocated to Investment Services, \$395,178 supported the city's housing trust fund, and \$1.6 million was dedicated to the primary subject of this report, the 2020 Neighborhood STAR Program's annual competitive application process of investing in Saint Paul's vitality and businesses, tax base and job growth and the city's Cultural Destination Areas.

City Capital Projects

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 2020 allocation of \$1,525,000 brings the accumulative total of Neighborhood STAR funds dedicated to this initiative to \$23,398,686.

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 2020, \$4,250,000 of Neighborhood STAR dollars were budgeted for general debt service totaling more than \$64.9 million to date supporting this initiative.

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 to \$1,797,692. In 2020, \$2,972,937 was budgeted to this initiative. To date, \$27,801,734 of STAR funds have been dedicated to economic development bond repayments.

Investment Services

Beginning in 2016, an annual allocation of \$15,000 of the Neighborhood STAR Program budget was dedicated to city investments services. To date, \$75,000 has supported this activity.

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 recommendations to the Mayor and City Council for final approval. In 2020, fifteen (15) grants were awarded through the Year-Round STAR Program equaling \$289,242 and leveraging an anticipated \$178,396 in outside investments.

2020 STAR Awards:

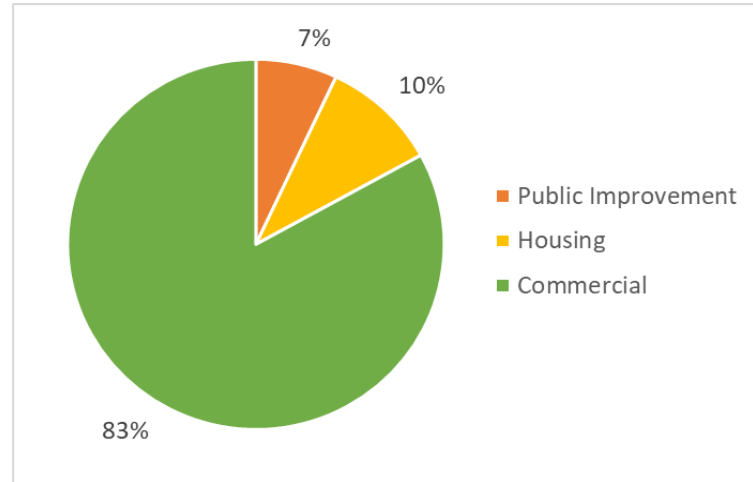
(21) Neighborhood STAR Program Awards (ward order)

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
Frogtown Crossroads	1	\$ 41,150	\$ 123,450
625 Charles Parking Lot	1	22,000	22,000
AEDA Little Mekong Projects	1	0	75,000
Esther Homes	1	0	17,600
Springboard for the Arts	1	0	50,000
Sun Foods	1	75,000	75,000
Revitalize North End III	1,5	0	150,000
Al's Westside Diner	2	12,360	28,840
Asian Flame	2	30,000	30,000
El Burrito Exterior Improvements	2	0	17,000
Elsa's House of Sleep	4	0	49,800
Creative Enterprise Zone Program	4	100,000	100,000
Firebox	4	40,000	0
Village on Rivoli	5	0	140,035
Sacred Grounds Coffee Shop	5	37,500	37,500
Face to Face HVAC	6	0	14,408
Montessori Center of MN	6	0	47,000
Brunson's Pub	6	50,000	100,000
ESNDC Storefront Program	6	0	30,000
AEDS Improvement Program	CW	0	75,000
Neighborworks Lead Window Program	CW	0	12,000
Totals:		\$408,010	\$1,194,633

(15) Year-Round STAR Program Awards (ward order)

	<u>Ward</u>	<u>Grant</u>
Frogtown Green Lilypad	1	\$ 5,990
Minnehaha Fencing	1	4,607
D6 Fence	1	3,250
Big River Pizza	2	5,000
862-868 Randolph	2	24,000
KRL Metal Arts Studio	2	120,000
Papa Legba	2	10,000
Bap & Chicken	3	17,715
Hour Car	4	17,780
North End Solar II	5	5,000
TCGIS Fencing	5	35,000
Upfront Styling	5	4,000
Shamrock Plaza Roof	7	15,000
Sir Boxing Gym	7	15,000
Margaret Park	7	6,900
Total:		\$289,242

2020 Neighborhood & Year-Round STAR Awards by Category



City of Saint Paul

Mayor Melvin Carter

2020 City Council

<u>Ward</u>	
1	Councilmember Dai Thao
2	Councilmember Rebecca Noecker
3	Councilmember Chris Tolbert
4	Councilmember Mitra Jalali
5	Council President Amy Brendmoen
6	Councilmember Nelsie Yang
7	Councilmember Jane Prince

Planning and Economic Development

Kristin Guild, Interim Director, January – July
Nicolle Goodman, Director, August – December



Neighborhood Sales Tax Revitalization (STAR) Program 2020 Annual Report

The City of Saint Paul's Neighborhood Sales Tax Revitalization (STAR) Program has completed twenty-six (26) years of awarding loans and grants to revitalize Saint Paul neighborhoods.

This report includes:

- * Program History
- * Key Features
- * Neighborhood STAR Board
- * Accomplishments & Investments
- * Loan Component
- * STAR Funding Allocations
- * Economic Development Bonds
- * Debt Service
- * City Capital Project Program
- * 2020 Neighborhood STAR Awards
- * 2020 STAR Awards by Category
- * 2020 Year-Round STAR Awards

2020 Neighborhood STAR Board Members

Derek Anders-Turner, **Chair**
Charlie VanderAarde, **Vice Chair**

Terri Banaszewski, RaeAnna Buchholz,
Marjorie Ebensteiner, Jeremiah Ellis,
Angela Burns Finney, Owen Hansen, Erin Heelan,
Richard Holst, Chris Leifeld, Angelique McDonald,
Fatima Moore, Patrick Ruble, Jon Schumacher,
Jim Stahlmann, Tong Thao, Juliana Wilkins,
Cody Zwiefelhofer and Member Emeritus Ray Hess

Neighborhood STAR Staff:

Michele Swanson, Program Coordinator
Nancy Vang, Project Management Technician