



Neighborhood Sales Tax Revitalization (STAR) Program 2022 Annual Report

The City of Saint Paul’s Neighborhood Sales Tax Revitalization (STAR) Program has completed 28 years of awarding loans and grants to revitalize Saint Paul neighborhoods.

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 capital activities of the RiverCentre and economic development needs 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 for-profit, public and 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 are for physical improvements with an expected life of seven or more years.

In 2022, Neighborhood STAR funds were awarded through one competitive application process. A virtual orientation was added to the Neighborhood STAR website in late March followed by and in-person orientation on April 15.

75 eligible applications were received by the May 11, 2022 deadline. Six applicants withdrew during the review process. After an extensive review process, the Mayor and City Council approved 20 loan and grant proposals on November 9, 2022, totaling \$1,871,145 and leveraging more than \$13.3 million in private, non-city resources.

NEIGHBORHOOD STAR ALLOCATIONS

In 2022, the budget for Neighborhood STAR’s portion of half-cent sales tax collections equaled \$10,300,704. From this total, \$3,500,000 supported ongoing city debt for neighborhood investments; \$2,960,162 was committed to repaying STAR economic development bonds; \$761,273 was dedicated to the Neighborhood STAR Year-Round Program; \$1,525,000 supported the City Capital Program, \$15,000 was allocated

Since 1995, Neighborhood STAR has assisted over 1,120 projects and programs with more than \$130 million in grant and loan assistance. These funds are estimated to have generated more than \$1.4 billion dollars of private investments throughout the City of Saint Paul.

to Investment Services, and \$1,539,269 was dedicated to the primary subject of this report, the 2022 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 nodes.

2022 NEIGHBORHOOD STAR PROGRAM AWARDS

(20 total awards - sorted in ward order)

Project	Ward	Loan	Grant
Blendz Barbershop Minnesota, LLC	1	\$0	\$15,000
ROLU, LLC	1	\$0	\$118,640
Selby Wilkins LLLP	1	\$0	\$81,296
Irreducible Grace Foundation	1	\$0	\$81,296
Walker West Music Academy	1	\$40,648	\$40,648
Wabasha Partners, LLC	2	\$100,000	\$100,000
Vina Highland, Inc.	3	\$100,000	\$100,000
African Economic Development Solutions	4	\$0	\$200,000
FilmNorth	4	\$0	\$40,000
Shanghai Wholesale, LLC	4	\$150,000	\$100,000
Bang Brewing Company, LLC	4	\$25,000	\$75,000
Abogados Cafe	5	\$0	\$25,000
Arcade Wine & Spirits LLC	6	\$30,000	\$30,000
District 2 Community Council	6	\$0	\$49,000
It’s a Wrap Hair Studio	6	\$0	\$40,000
858 Payne, LLC	6	\$49,617	\$0
African American CDC	6	\$0	\$80,000
Herizon One, Inc.	6	\$0	\$50,000
FYI, LLC	6	\$0	\$30,000
District 6 Planning Council	1 & 5	\$0	\$150,000
TOTAL		\$561,561	\$1,309,584



NEIGHBORHOOD STAR PROGRAM 2022 ANNUAL REPORT



SAINT PAUL
MINNESOTA

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. Fifteen (15) loans were awarded via the 2022 annual Neighborhood STAR Program equaling \$561,561.

2022 YEAR-ROUND STAR PROGRAM AWARDS

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 2022, nineteen (19) grants were awarded through the Year-Round STAR Program equaling \$767,083 and leveraging an anticipated \$312,361 in outside investments.

(19 total awards - sorted in ward order)

Project	Ward	Grant
Century Plaza Roof	1	\$100,000
Buttered Tin	2	\$5,000
St Clair Park Trees	2	\$10,952
Hamline Avenue Sidewalk	3	\$305,000
Eritrean Out-Building	4	\$65,000
SAPCC Benches & Murals	4	\$8,000
Taiko Arts Midwest Soundproofing	5	\$45,000
Abogados Cafe	5	\$12,534
St. Bernard's Playground	5	\$35,000
Timelines Antiques	5 & 6	\$15,000
ESNDC Storefronts Program	6	\$60,000
Care 4 All Lab Services	6	\$15,000
Arlington Soccer Field	6	\$15,000
Arcade Wine & Spirits	6	\$15,000
D2 WBA Program	6	\$15,000
Our Redeemer/Loaves & Fishes	6	\$9,000
The Sweet Shop	6	\$15,000
Highwood Hills Gate	7	\$9,097
Battle Creek Skate Ramp	7	\$12,500
TOTAL		\$767,083

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 amended to remove the cap and allow expenditures for "any economic development purpose," which may include debt service. In 2022, \$3,500,000 of Neighborhood STAR dollars were budgeted for general debt service totaling more than \$71.9 million 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. Since first issued, these bonds are continually refinanced. The 2022 budget for this initiative equaled \$2,938,425. To date, more than \$33.7 million of Neighborhood STAR dollars have been dedicated to bond repayments.

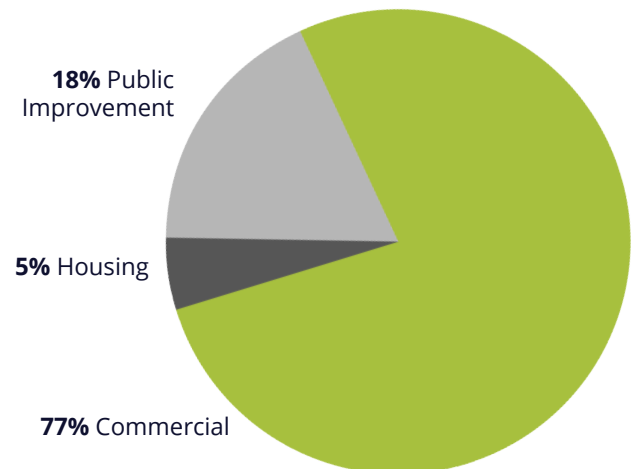
INVESTMENT SERVICES

Beginning in 2016, an annual allocation of \$15,000 of the Neighborhood STAR Program budget was dedicated to city investments services. To date, \$105,000 of Neighborhood STAR funds have supported this activity.

CITY CAPITAL PROJECT PROGRAM

An annual Neighborhood STAR funding allocation of \$1,525,000 began in 2006 to lease or purchase police, fire and parks vehicles and/or city equipment. In 2015, an additional \$1.1 million was allocated for these activities and in 2021, an additional \$112,727 was allocated for portable fire radios. The 2022 annual allocation brings the accumulative STAR total to \$26,561,413.

2022 NEIGHBORHOOD & YEAR-ROUND STAR AWARDS BY CATEGORY



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 the Neighborhood STAR and Year-Round STAR Programs. 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.

2022 Members: Charlie VanderAarde (chair), Angela Burns Finney (vice chair), Terri Banaszewski, Lamah Bility, RaeAnna Buchholz, Roxanne Draugh, Derek Anders-Turner, Owen Hansen, Erin Heelan, Chris Leifeld, Fatima Moore, Jessica Nickrand, Nate Nins, Jon Schumacher, Jim Stahlmann, Tong Thao, Juliana Wilkins and Member Emeritus Marjorie Ebensteiner