

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 2015, Neighborhood STAR funds were awarded through one competitive application process. An orientation was held in February and fifty-eight (58) applications were received in late-March. On July 15, 2015, the Mayor and City Council approved sixteen (16) proposals through the 2015 Neighborhood STAR Program totaling \$1,851,129 and leveraging in excess of \$4.8 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 staggered 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 860 projects with more than \$109 million in STAR dollars. These funds are estimated to have generated more than \$2.2 billion dollars in private investment throughout the City of Saint Paul.

Loan Component

Loan funds are available to entities that may or may not qualify for bank financing but whose projects and/or programs would result in desirable improvements within Saint Paul neighborhoods. Twelve (12) loans were awarded via the 2015 annual Neighborhood STAR Program equaling \$976,250.

Neighborhood STAR Allocations

In 2015, Neighborhood STAR's budget of half-cent sales tax collections equaled \$10,085,253. From this total, \$3.5 million supported ongoing city debt for neighborhood investments; nearly \$2.2 million has been committed to repaying bonds issued in 2007 to capitalize the Invest Saint Paul neighborhood stabilization program; and \$2.6 million supported public safety through the Capital City Program and additional fire truck purchases. The primary subject of this report is the more than \$1.8 million invested in Saint Paul vitality and businesses, tax base and job growth through the 2015 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 2015, \$3.5 million of Neighborhood STAR funds were budgeted to general debt service totaling in excess of \$46.7 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% 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 2015 was \$2,197,785. To date, \$17,433,890 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 \$14,415,000.

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 funding recommendation to the Mayor and City Council for final approval. In 2015, (21) grants and (1) loan were awarded through the Year-Round STAR Program equaling \$588,049 and leveraging an anticipated \$1,035,235 in outside investments.

2015 STAR Awards:

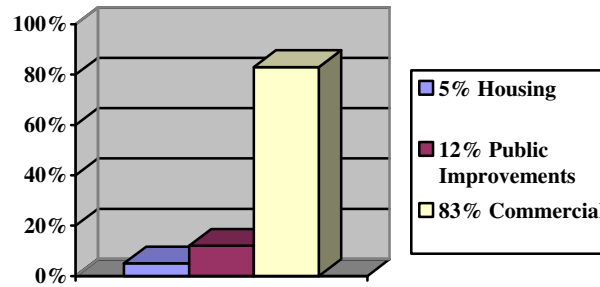
(16) Neighborhood STAR Program Awards

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
Oromo Community of MN	1		\$35,000
Selby Commercial & Housing	1	\$100,000	100,000
Selby Maker Space	1	19,250	19,250
Sakura Restaurant	2	66,000	33,000
Colossal Café Grand Ave.	3	15,000	5,000
Arnellia's Lounge	4	40,000	40,000
Colossal Café Como Ave.	4	10,000	10,000
Tibetan American Center	4		60,000
Bangkok Thai Deli	5	150,000	150,000
Design Lab Roof Greenhouse	6	100,000	75,000
Red Mill Restaurant	6		150,000
NE Senior Home Program	6		10,000
11 Wells Blacksmith Shop	7	51,000	27,000
CLUES Resource Center	7	125,000	125,000
Hamm's Farms	7	150,000	100,000
Parkway Little League Field	7		75,629
Totals:		\$976,250	\$874,879

(21) Year-Round STAR Program Awards

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
Black Dog Café	2		\$21,500
75 West Baker Street	2		4,000
Tuj Lub Courts	2		40,000
Joe & Stans	2		10,000
Greening the Ave. #3	2		6,000
Summit Hill Garden Sign	2		4,600
Lost & Foundry Studio	2		120,429
Urban Boat Builders	4		9,000
Midway Murals	4		5,000
Charles Avenue	4		80,000
IFP Minnesota	4		10,000
Snelling Lighting	4		75,000
Dickerman Park	4		50,000
Como Dockside Fountain	5		4,500
Como Dockside Speakers	5		3,000
Front Street Program	5	\$10,000	40,000
Portable Gaga Pits	5		6,000
Payne Maryland Camera	6		13,020
Freedom Library Sign	6		2,000
Mounds Theatre	7		55,000
Highwood Hills Park Fountain	7		20,000
Totals:		\$10,000	\$578,049

2015 Neighborhood STAR and Year-Round STAR Awards by Category



City of Saint Paul

Mayor Christopher B. Coleman

	<u>Ward</u>
City Council President, Russ Stark	4
Councilmember Dai Thao	1
Councilmember Dave Thune	2
Councilmember Chris Tolbert	3
Councilmember Amy Brendmoen	5
Councilmember Dan Bostrom	6
Councilmember William Finney	7

Department of Planning and Economic Development (PED)

Jonathan Sage-Martinson, Director
Kristin Guild, Deputy Director

Neighborhood STAR Program:

Bob Hammer, Michele Swanson,
Beth Ulrich

*Questions on the Neighborhood STAR Program:
651-266-STAR / www.stpaul.gov/STAR*

Neighborhood Sales Tax Revitalization (STAR) Program



2015 Annual Report

The City of Saint Paul's Neighborhood Sales Tax Revitalization (STAR) Program has completed twenty-one (21) 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
- * 2015 Neighborhood STAR Awards
- * 2015 Year-Round STAR Awards
- * 2015 STAR Awards by Category

2015 Neighborhood STAR Board

Kerry Antrim, Chair
Elizabeth Wefel, Vice Chair

Randy Asunma	Robin Hickman
Alex Bajwa	Robin Madsen
John Curry	Amin Omar
Michael DeCourcy	Brooke Rivers
Marjorie Ebensteiner	Jon Schumacher
Jeremiah Ellis	Jim Stahlmann
Rachel Gillespie	Charlie VanderAarde
Ray Hess	Marny Xiong