

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 grant funds and STAR loan funds 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 2018, Neighborhood STAR funds were awarded through one competitive application process. An orientation was held in mid-February and 41 applications were received in late-March. On July 25, 2018, the Mayor and City Council approved 25 proposals totaling \$2,783,092 and leveraging more than \$9 million 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, the Neighborhood STAR Program has assisted over 980 projects with more than \$121 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. seventeen (17) loans were awarded via the 2018 annual Neighborhood STAR Program equaling \$1,218,758.

Neighborhood STAR Allocations

In 2018, Neighborhood STAR's budget of half-cent sales tax collections equaled \$10,165,214. From this total, \$3.5 million supported ongoing city debt for neighborhood investments; \$1,600,000 was committed to repaying 2007 bonds issued to capitalize the Invest Saint Paul Neighborhood Stabilization Program; \$400,000 was dedicated to the Neighborhood STAR Year-Round Program; \$1,525,000 supported public safety through the Capital City Program; \$258,686 was dedicated to additional police fleet and \$15,000 was allocated for 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 2018 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 2018 \$3.5 million of Neighborhood STAR dollars were budgeted for general debt service totaling more than \$57.2 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 by \$400,000 to \$1,797,692. In 2018, \$1,600,000 was budgeted to this initiative. To date, \$23,028,797 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 2018 allocation of \$1,525,000 plus an additional \$258,686 dedicated to police vehicles brings the accumulative total of Neighborhood STAR funds dedicated to this program to \$20,348,686.

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 2018, twelve (12) grants were awarded through the Year-Round STAR Program equaling \$226,009 and leveraging an anticipated \$876,893 in outside investments.

2018 STAR Awards:

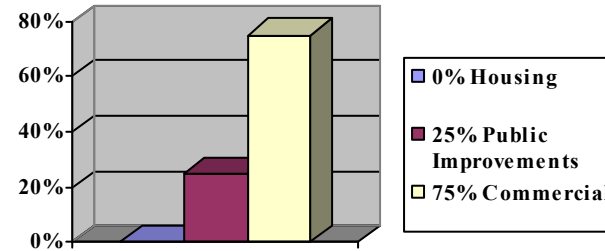
(25) Neighborhood STAR Program Awards

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
Running Tiger	1	75,793	75,793
Taste of Rondo	1	100,000	100,000
Afro Deli & Grill	2	37,500	37,500
Gazta & Enhancements	2	50,000	50,000
Fire Station #10	2	125,000	100,000
Pimento Jamaican Kitchen	2	50,000	25,000
La Costa Rehab.	2	50,000	0
Rice Park Redevelopment	2	0	200,000
St. Paul Guitar Repair	2	0	15,000
La Clinica Expansion	2	50,000	50,000
Black Hart of St. Paul	4	0	50,000
Can Can Wonderland	4	44,973	0
Tech Dump Headquarters	4	170,000	130,000
Sabrina's Café & Deli	4	0	10,000
SC Upholstery	4	36,000	34,000
Snelling Coffee	4	16,000	7,000
Revitalize the North End	5	0	44,550
Boys and Girls Club	6	0	61,000
East Side Freedom Library	6	95,000	30,000
ESNDC Accessibility	6	40,500	49,500
Plaza del Sol Expansion	6	75,492	75,491
Dayton's Bluff Gym	7	0	17,000
Sanneh Foundation	7	0	200,000
African Development Center	ALL	90,000	90,000
AEDA Loan Program	ALL	112,500	112,500
Totals:		\$1,564,334	\$1,218,758

(12) Year-Round STAR Program Awards

	<u>Ward</u>	<u>Grant</u>
Voices of Rondo	1	5,000
Taste of Rondo	1	10,000
YMCA Teen Center	2	25,000
Linwood Security Cameras	2	25,000
Highland Disc Golf	3	11,009
Hamline Church Kitchen	4	20,000
Morelli's	5	20,000
North End Lighting Project	5	5,000
China Friendship Garden.	6	40,000
Sepak Takraw Courts	6	25,000
Sanneh Foundation	7	20,000
Eastview Recreation	7	20,000
Totals:		\$226,009

2018 Neighborhood STAR and Year-Round STAR Awards by Category



City of Saint Paul

Mayor Melvin Carter

City Council

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

Department of Planning and Economic Development (PED)

Dr. Bruce Corrie, 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

2018 Annual Report

The City of Saint Paul's Neighborhood Sales Tax Revitalization (STAR) Program has completed twenty-four (24) 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
- * 2018 Neighborhood STAR Awards
- * 2018 Year-Round STAR Awards
- * 2018 STAR Awards by Category

2018 Neighborhood STAR Board Members

Derek Anders-Turner, **Chair**
Charlie VanderAarde, **Vice Chair**
Sally Bauer, Angela Burns Finney,
Marjorie Ebensteiner, Jeremiah Ellis,
Melissa Finnegan, Owen Hansen,
Mustafa Hassan Diriye. Ray Hess, Richard Holst,
Lucie Passus, Tony Parrish, Kaylan Pundsack,
Jon Schumacher, Jim Stahlmann,
Tong Thao, David Washington,
Juliana Wilkins, Cody Zwiefelhofer