

Program History

In May 1993, the Minnesota State Legislature authorized the City of Saint Paul to levy an additional half-cent sales tax. The creation of this fund allowed the city to make needed improvements to the Saint Paul River Centre 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 downtown Saint Paul and Saint Paul neighborhoods.

Under its current structure, the Neighborhood STAR portion of the half-cent sales tax revenue equals 50%, a Cultural STAR effort uses 10% and the remaining 40% is dedicated first to the River Centre and then, if funds are available, to support other 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 public, for-profit businesses and non-profit entities located in or 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 2014, Neighborhood STAR funds were awarded through one competitive application process. An orientation was held on February 12, 2014 and forty-two (42) applications were received in late-March. On July 9, 2014, the Mayor and City Council approved twenty-five (25) Neighborhood STAR Program proposals

totaling \$2,066,516 and leveraging in excess of \$9.5 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 STAR Board provides advice and recommendations to elected officials on all aspects of the STAR Program. 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 includes members from the public and private sector, and provides a unique cross section of knowledge and expertise.

Accomplishments & Outside Investment

Since 1995, the Neighborhood STAR Program has assisted over 845 projects with more than \$108 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. Fourteen (14) loans were awarded via the 2014 annual Neighborhood STAR Program totaling \$667,250.

STAR Funding Allocations

In 2014, Neighborhood STAR's allocation of half-cent sales tax collections equaled \$9,362,774. From this total, \$3.5 million supported city debt service; \$2,197,785 was dedicated to economic development bonds; \$1,525,000 sustained the City Capital Program; \$70,979 provided relief to the General Fund; \$350,000 enhanced the Neighborhood STAR Year-Round Program and the Neighborhood STAR Annual Program awarded \$2,066,516.

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 this initiative at \$3.5 million per year. In 2013, the law was once again amended with the removal of the cap and inclusion of expenditures for "any economic development purpose," which may include debt service. The City is required to fully fund both STAR Programs and its River Centre obligation prior to allocating money to other economic development activities. To date, more than \$43.2 million in Neighborhood STAR dollars have supported city debt service.

STAR Economic Development Bonds

In 2005, the Minnesota Legislature authorized bonding authority to the City of Saint Paul using up to 20% of revenue from the city's half-cent sales tax. In 2014, Neighborhood STAR funds equaling \$2,197,785 were dedicated to bond repayments. From inception to date, a total of \$15,236,105 has assisted this initiative.

City Capital Project Program

Beginning in 2006, \$1,525,000 of Neighborhood STAR funds are budgeted annually for the lease and/or purchase of police, fire and parks vehicles and/or city equipment. The total allocation to date for this program equals \$12,890,000.

Year-Round STAR Program

City Council Members recommend Year-Round STAR funds for individual city projects. The STAR Board reviews and ranks each proposal on its own merit and forwards their funding recommendation to the Mayor and City Council for final approval. In 2014, thirteen (13) grants and one (1) forgivable loan were awarded through the Year-Round STAR Program equaling \$610,273 and leveraging an anticipated \$231,023 in outside investments.

2014 STAR Awards:

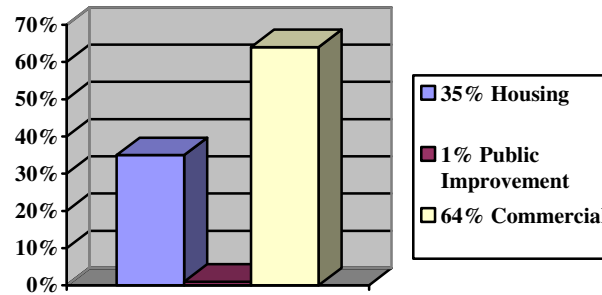
(25) Neighborhood STAR Program Awards

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
Model Cities Commercial	1	\$100,000	\$120,000
Open Cities Health Center	1		200,000
Little Mekong Program	1		50,000
AEDC Façade Program	1,4	25,000	25,000
Whebbe's Rare Books	2	50,000	0
LaClinica HVAC	2	22,500	22,500
BC Commercial	2	3,500	3,500
Bad Weather Brewing	2	150,000	0
Insty Prints	2	7,500	7,500
James J. Hill Center	2		8,957
Highland/Grandview Theaters	2,3	83,750	83,750
Mid Continental Institute	4	5,000	25,000
Kopplin's Coffee Shop	4	5,000	5,000
Village on Rivoli	5		226,693
North End Business Program	5	50,000	50,000
American Indian Childcare	6		68,000
East Side Freedom Library	6		30,916
Phalen American Legion	6		50,000
NE Senior Home Program	6		12,450
JTC Property	7	15,000	15,000
East Side Incubator Kitchen	7	30,000	30,000
East Side Community Radio	7		10,000
East 7 th Senior Apartments	7	100,000	100,000
Lead Window Program	All		25,000
Energy Smart Homes	All		250,000
Totals:		\$667,250	\$1,399,266

(14) Year-Round STAR Program Awards

	<u>Ward</u>	<u>Loan</u>	<u>Grant</u>
Rondo Museum	1		\$ 25,000
Domestic Abuse Intervention	1		23,000
Rathskeller Soft Costs	2		100,000
Palace Theater Design	2		50,000
Bedlam Theater	2		50,000
Vieux Carre	2		49,500
Liquor Barrel	2		7,548
957 Restoration	2		19,800
Highland/Grandview Theaters	2,3	\$166,250	0
Horace Mann Playground	3		15,000
Marshall Ave. Improvements	3		40,000
Dubliner Pub	4		5,500
845 Payne Ave.	6		50,000
St. Pascal's Parking Lot	7		8,675
Totals:		\$166,250	\$444,023

2014 Neighborhood STAR and Year-Round STAR Awards by Category



City of Saint Paul

Mayor Christopher B. Coleman

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

Department of Planning and Economic Development (PED)

Jonathan Sage-Martinson, 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



2014 Annual Report

The City of Saint Paul's Neighborhood Sales Tax Revitalization (STAR) Program has completed twenty (20) 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
- * 2014 Neighborhood STAR Awards
- * 2014 Year-Round STAR Awards
- * 2014 STAR Awards by Category

2014 Neighborhood STAR Board

Kerry Antrim, Chair
Elizabeth Wefel, Vice Chair

Randy Asunma	Robin Hickman
Alex Bajwa	Robin Madsen
Michael DeCourcy	Mary McLean
Marjorie Ebensteiner	Peter Moore
Jeremiah Ellis	John Reich
Rachel Gillespie	Jon Schumacher
Brooke Hanson	Anne Tiller
Ray Hess	Charlie VanderAarde