

2019 PED/HRA Proposed Budget Follow Up Presentation

October 17, 2018

Agenda – addressing questions

- Cultural Destination Areas
- Full Stack
- Business Assistance program balances
- Department staffing and vacancy report
- HRA support for General Fund departments and activities
- HRA Parking Fund
- Commercial Vitality Zone projects and balances update

Cultural Destination Areas

The Challenge

There is an acute income and wealth gap for ALANA (African Latino Asian and Native American) households in Saint Paul. The Asset and Opportunity scorecard from Prosperity Now shows that Saint Paul is worse off than both the state as well as the nation in the wealth gap and especially for ALANA people.

The Opportunity

The areas of concentrated poverty are also areas of concentrated assets. Leveraging cultural assets to build jobs and businesses and at the same time build community or “place.” Importantly the assets of local people are both celebrated in integrated in a strategy aimed at economic development.

The Strategy

Build up existing destination areas: Little Mekong, Little Africa, Rondo and District Del Sol. Expand into new areas across the city: Near Eastside, North End, West 7th, West side. Offer quarterly markets to support local entrepreneurs and artists; annual calendar of events to drive customers and build community; wealth building activities.

Cultural Destination Areas

Investments in 2019 Proposed Budget

Amount	Source	Use/Purpose
\$200,000	HRA Loan Enterprise	Flexible dollars to be used for placemaking, partnership investments in community wealth building, and cultural events in the cultural destinations to build a sense of community and place.
\$100,000	Cultural STAR	CSTAR funds dedicated to offering events highlighting the cultural districts that would take place in the downtown district.
\$1,500,000	Neighborhood STAR	Portion of total proposed NSTAR budget to be directed towards ethnic businesses and cultural infrastructure in the cultural destinations through outreach and STAR board prioritization (projects would still go through regular NSTAR process).

Full Stack

Budget	Amount	Use
2018 Adopted	\$300,000	\$175,000 for TechHire*/\$125,000 for Marketing
2019 Proposed	\$300,000	\$225,000 for TechHire*/\$75,000 for Marketing
*PED reimburses the training providers directly for scholarships and has a service contract with Jewish Family & Children's Services to provide wraparound support for recipients and to gauge their income eligibility.		

Program Results:

- The MSPTechHire program has a program placement rate of 93% and the median starting salary is \$55,000.
- Two of the three recent scholarship graduates have already been hired in the field, one with a starting salary of \$59,000 and the other with a starting salary of \$80,000. The third is job searching with support from JFCS.
- In 2015 there were zero tech and innovation events held in Saint Paul, and in launching Full Stack we set a goal that by 2020 there would be 50 tech and innovation events held here (many not with financial sponsorship by the City).
- During the 2018 Twin Cities Start Up Week (Oct 8-13), there were 39 events in Saint Paul. These 39 events during Start Up Week were in addition to the 10 events held in Saint Paul previously in this year, most without City financial sponsorship.

Funding Needs:

- Early in 2018, we realized that the need for marketing dollars was less than expected due to private media coverage of the sector through new outlets, AND that the scholarship demand was high for the more-expensive coding training. We shifted the allocation to \$225,000 for scholarships and \$75,000 for marketing and promotions as reported in our Economic Development policy session this spring.
- Based on what we know of needs and demand, we propose to maintain those allocations in 2019.
- We are also engaged in conversation with Ramsey County Workforce Solutions about joining the MSPTechHire program and bringing WIB resources.

Business Assistance programs budget and balances (as of Oct 16, 2018)

	Ending 12/31/2017	2018 Allocation	Total Available	Amount Spent to Date	Remaining Balance	2019 Proposed Amount
Federal Sources						
⇒ CDBG - Commercial/Business Funds	94,500	75,000	169,500	49,000	120,500	75,000
HRA Annually Budgeted Sources						
<u>HRA Loan Enterprise Fund</u>						
⇒ Business Assistance	660,577	150,000	810,577	252,500	558,077	150,000
⇒ Strategic Investment Fund (SIF)	282,602	200,000	482,602	-	482,602	-
⇒ Job Opportunity Fund	-	500,000	500,000	-	500,000	-
Total HRA Loan Enterprise Fund	943,179	850,000	1,793,179	252,500	1,540,679	150,000
Total Sources	1,037,679	925,000	1,962,679	301,500	1,661,179	225,000

- These programs are ongoing, with investments made through the year. Unlike programs that are based on staffing costs, these are like a capital budget, with projected needs for investment over the next 12-18 mos.
- Because we typically can't predict what business assistance will be needed more than a few months out, we budget to maintain a reasonable balance based on both recent demand and what we know about an expected pipeline.
- Investments range from \$10k to several hundred thousand \$s based on public benefit and HRA board approval.
- We are not proposing to add dollars to the SIF this year. Instead, we're proposing to budget \$125,000 to business technical assistance.
- The Job Opportunity Fund – launched July 2018 – was capitalized at \$500,000 using balances from prior allocations to the Strategic Investment Fund.
 - Significant interest and some applications already in hand
 - We expect that the initial capitalization will sustain the program through 2019 and are not proposing an additional budget allocation to that program.

PED Staffing

Vacancies

- 11 current vacancies, 7-8 with hires pending within the next 30 days
- Exceptional candidates
- Only 3-4 vacancies expected as of mid-November
 - 95% staffing department-wide
 - Department Leadership Team fully staffed

Budgeted salary savings in 2018

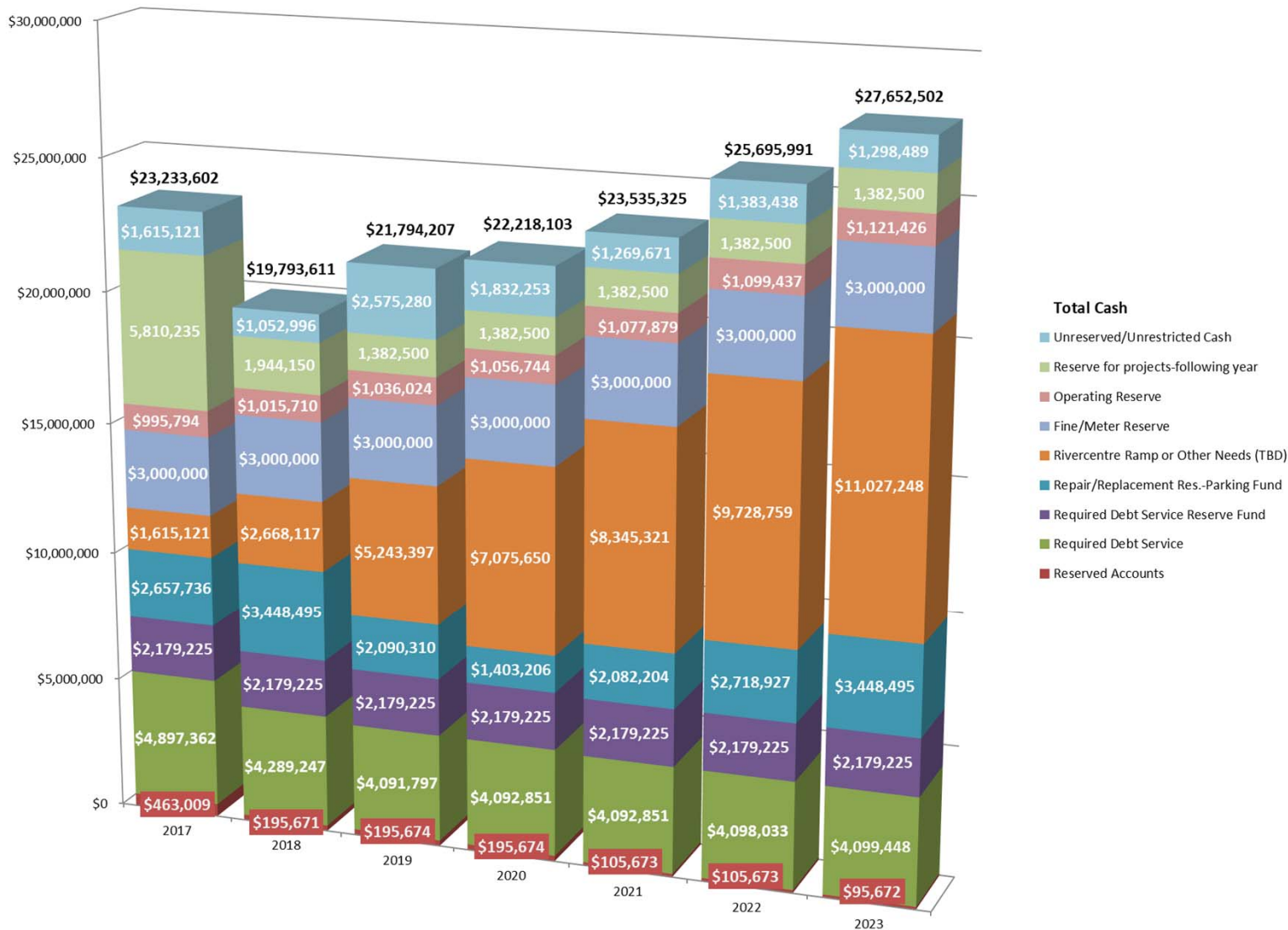
- Projected PED Vacancy Savings in 2018 = \$540,000
Vacancy savings will fall to HRA fund balance, while this helps the HRA outlook on a one-time basis, it does not significantly impact long-term projections or provide the support of ongoing revenues or structural changes.
- Dollars in the HRA fund balance will be tapped to support future staffing and program investments.

HRA Support for General Fund Depts

Transfer	History	2019 Proposed	2018 Adopted	2017 Adopted	2016 Adopted
HREEO Support for Contract Compliance	Started in 2004	-	\$841,787	\$819,540	\$784,048
HRA Board of Commissioners	Started in 2012	\$183,233	\$183,233	\$183,233	\$183,233
City Council Policy Analyst	15+ years	\$84,322	\$84,322	\$84,322	\$84,322
Mayor's Office Staffing (Policy Analyst/IGR)	Started in 2007	-	\$145,422	\$145,422	\$145,422
Right Track	Started in 2015	\$191,437	\$191,437	\$191,437	\$66,437
General Gov't Staff – Citizen Participation	15+ years	\$18,486	\$18,486	\$18,486	\$18,486
	Total:	\$477,478	\$1,464,687	\$1,442,440	\$1,281,948

HRA Parking Fund

HRA Net Parking Fund Cash Balance as of 12/31



Commercial Vitality Zone Projects Update

- \$3M of STAR capital dollars budgeted 2015-2018 to nine geographies:
 - Payne Ave, Phalen Village, North Snelling, E 7th and Arcade, Como-Front-Dale, Rice-University, District del Sol, Central Selby, Rice-Larpenteur
- Specific investments in these areas have been identified based on intensive community engagement work over several months
- Most projects selected have been public realm capital investments requiring considerable time to coordinate with other city departments as well as for bidding and construction
 - \$708,235 of these budgeted capital dollars have been spent
 - \$1,730,374 are programmed for spending on construction or other implementation yet in 2018 or in 2019
 - \$561,390 are programmed for investments further out or it remains to be determined how to invest these dollars
- To reallocate funds would be taking away dollars committed through a community process