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CITY OF SAINT PAUL

2023 STAR Program Guidelines

Organizational Committee - May 24, 2023



Agenda

- **Background**
- **Neighborhood STAR Program**
 - Proposed guideline changes
 - 2023 Budget
- **Cultural STAR Program**
 - Proposed guideline changes
 - 2023 Budget



Background

In examining the STAR program over several years, a few things have become apparent:

- The administrative lift for each round of application process is very high
- The administrative lift for small awards is just as much as for larger awards, and the cost of staff time across several departments over several years is far more than the amount of the smaller awards, especially for loans
- Many of the STAR loans are the loans that become past due, need restructuring or end up being written off. STAR loans comprise a large portion of our outstanding loan portfolio
- The required match presents significant challenges for applicants or potential applicants
- Compliance requirements present significant challenges for applicants

Based on these findings, we are recommending several adjustments to STAR program guidelines for 2023.



Neighborhood STAR Program – Proposed Guideline Changes

- Grants only program (loan component eliminated)
- Increase minimum grant request and award amount to \$15,000 from \$5,000
- Eliminate match requirement for grant requests up to \$50,000



Neighborhood STAR Program – 2023 Budget

Available Funds	\$2,438,007	58% change from 2022
Less PED Admin Costs	\$250,000	
2023 Funds Available	\$2,188,007	72% percent change from 2022
		Neighborhood STAR Budget
Total Budgeted		2,188,007
Pending Close Outs (as of 5.22.23)		443,232
Total Available for Grants		2,631,239



Neighborhood STAR Program – 2023 Timeline

Date	Action
May 24	Organizational Committee reviews proposed guideline changes
June 7	City Council vote on guideline changes
June 23	2023 Neighborhood STAR program launches
July 31	Application deadline
August 1-11	Staff review of proposals for eligibility and contact applicants with corrections
August 18-September 6	Eligible applicant list sent to PED leadership, Mayor, and City Council and staff and city departments conduct reviews
September-October	3 days needed for board interviews of applicants, discussion, scoring, and voting
September-October	Neighborhood STAR board provides funding recommendations to Mayor and City Council
October-November	Mayor Review Period
Mid-End of November	Council Approvals
December 1, 2023 – January 31, 2025	Projects eligible to take place



Cultural STAR Program – Proposed Guideline Changes

- Hold only one funding round per calendar year
- Increase minimum grant request to \$10,000 from \$5,000
- Project eligibility dates:
 - Special Projects/ Organizational Development: One-year contract term
 - 2023: August 1, 2023 - July 31, 2024
 - 2024: Proposing June 1, 2024 - May 31, 2025
 - Capital Projects: Two-year contract term
 - 2023: August 1, 2023 - July 31, 2025
 - 2024: Proposing June 1, 2024 - May 31, 2026



Cultural STAR Program – 2023 Budget

Available Funds	\$1,411,468	27%	percent change from 2022		
Less PED Admin Costs	\$0		AO 23-39 reduced admin to \$0, carried over \$75k from 2022		
2023 Funds Available	\$1,411,468	21%	percent change from 2022		
			In Cultural District (80%)	Out of District (20%)	TOTAL
Total Budgeted			1,129,174	282,294	1,411,468
City Budget-Approved Grants					
Library Materials			(175,000)	0	(175,000)
Total Available for Grants			954,174	282,294	1,236,468



Cultural STAR Program – 2023 Timeline

Date	Action
May 24	Organizational Committee reviews proposed guideline changes
June 7	City Council to vote on guideline changes
June 8	2023 Cultural STAR program launches
July 14	Application Deadline
Late July/Early August	Cultural STAR board provides funding recommendations to Mayor and City Council
August 1, 2023 – July 31, 2024	Projects eligible to take place



City Compliance Ordinance Changes for STAR funded projects

- PED staff found that peer cities have much higher thresholds for prevailing wage and programs similar to VOP for economic development projects than the City of Saint Paul.
- PED staff, and CAO have met regularly over the past year and half to discuss and evaluate potential changes to exempt STAR projects from certain compliance areas. Our next meeting is May 30.
- Any changes to city compliance would be an ordinance change. The process is three readings with one public hearing followed by a resolution amending the ordinance that can be approved on the 3rd reading. The ordinance change requires publication in Pioneer Press with the effective date 30 days after publication.



Proposed Changes to City Compliance Ordinance for STAR funded projects

- Current City compliance thresholds are as follows:
 - Prevailing Wage - \$25,000 Total Project Cost
 - Vendor Outreach Program - \$50,000 Total Project Cost
 - Affirmative Action - \$50,000 City Contribution
- Proposed City compliance thresholds pertaining to STAR-only funded projects:
 - Prevailing Wage – \$100,000 STAR Contract
 - Vendor Outreach Program - \$100,000 STAR Contract
 - Affirmative Action and all other compliance areas, unchanged

Based on 3-years of STAR historical data, prevailing wage applies to 98% of awarded NSTAR projects and VOP applies to 81% of NSTAR projects. These proposed compliance changes would have resulted in the compliance burden only applying to 29% of STAR awarded projects.



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