



SUBJECT: City of Saint Paul, Saint Paul Port Authority Funding Partnership

**Background:** The City of Saint Paul is addressing an environmental crisis with more than 11,000 ash trees on public boulevards that are dead/dying due to the Emerald Ash Borer (EAB) infestation. At the current pace, the EAB management program to remove, stump and replant boulevard ash trees across the city **will not be completed until 2034** unless additional funding sources are secured.

**Current status:** EAB has reached a critical phase in Saint Paul. Saint Paul Parks and Recreation Forestry is prioritizing the removal of infested, potentially dangerous ash trees from our public right-of-way, leaving limited funding for non-EAB tree work across the city. The need to focus exclusively on EAB removals has led to a growing backlog of stumps and vacant planting sites, and limited routine maintenance. We estimate that by the end of 2021, there will be a backlog of 2,575 EAB stumps and 4,570 non-EAB stumps and approximately 18,150 total (EAB + non-EAB) vacant planting sites, of which ~80% (14,520) are currently plantable.

**Funding partnership summary:** The City of Saint Paul is partnering with the Saint Paul Port Authority (SPPA) on a potential financial partnership to address this urgent need. SPPA is uniquely positioned to partner with the city on this project as it aligns with their key focus areas of **economic development, creating jobs** and **promoting sustainable development**. In addition to addressing the environmental emergency and expediting the removal of potentially dangerous trees, this partnership will create jobs to remove stumps and plant new trees and prioritize many of the city's long-term climate goals through reforestation and stormwater management.

#### **Additional details:**

##### **Jobs creation**

- There is an identified need in our community for young people who are interested in securing a living wage job after high school.
- In alignment with existing youth jobs goals, Right Track and SPPA will partner with Tree Trust (details below) to develop a training program to support the planting and initial maintenance needs of the overall program. Tree Trust's mission of improving the environment by investing in people aligns with the goals of this work and they are excited to be a partner to help create pathways to green industry careers for young people in Saint Paul.
- Young people are regularly seeking connections to careers in the trades. This program would provide the job experience and personal support to help put them on the path to good paying labor jobs.

##### **Tree Trust partnership (planting and maintenance)**

- Annual Career Development Cost: \$650k
  - Additional Trees/Materials Cost - \$300 per tree planted, with ability to do 2000 trees each year (Annual Trees/Materials Cost \$600k)



- 36-week program - 4 crews – pathway for 12 youth jobs plus additional potential for Right Track youth employment
  - Ability to “ramp up” from 4 crews, up to 8 crews starting in year 2 & beyond at an approximate annual cost of \$150k per crew
- Tree Trust provides everything (equipment, trees, maintenance, training, etc.), including career readiness and life skills training including pre-apprentice certification from the Tree Care Industry Association, financial empowerment, and social and emotional learning.

### Stump removal contracts

- In alignment with existing supplier diversity goals, Parks and Recreation will work to prioritize spend for stump removal services on small, women and minority owned businesses.
- SPPA will assist with additional outreach/marketplace expansion to increase availability of SBE, WBE and MBE contractors.

**Equity & climate resiliency:** Preserving and growing the city’s asset of trees and green space is important to the health of Saint Paul residents. Trees are the lungs of the city; they purify the air, and store carbon, reducing the greenhouse effect. Lower income neighborhoods and communities of color are currently experiencing the lowest level of tree canopy. Expedited reforestation of trees lost to EAB should be a priority to immediately address this inequity. Natural infrastructure provides a variety of benefits for climate resiliency and sustainability, and reforestation will help with stormwater management and achieving the city’s long-term climate goals.

### Overview of funding scenarios (assumes current funding levels remain stable):

*Projected completion dates assume funding shortfall is closed								
Scenario	Port Authority Funding	EAB Tree Removal Completion	EAB Stump Removal Completion	EAB Tree Replanting Completed	Jobs Program	Status of Non-EAB Work	Status of Non-EAB Stump & Tree Backlog	Funding Shortfall
<b>Continue current program:</b> EAB completed by 2034, limited Non-EAB funding	NA	*2024	*2030	*2033	✗	Limited until 2025	Backlog Remains Indefinitely	\$8M (2022-2027) \$10.5M (2028-2034)
Funding Scenario 1: Port Authority EAB Investment - Program Completed by 2027 - Non-EAB Backlogs addressed & trim cycle begins to be re-established if funding shortfall is eliminated	\$17.67M (2022-2026)	*2024	*2025	*2026	✓	Focus on stump/replanting backlogs, establish pruning/trim cycle (est. 15 years)	Stumps completed by 2027, planting by 2033	\$9.5M (2022-2027)
Funding Scenario 2: Port Authority EAB & Non-EAB Investment - Program Completed by 2027 - Non-EAB Backlogs addressed & trim cycle begins to be re-established if funding shortfall is eliminated	\$19.9M (2022-2025)	*2024	*2025	*2026	✓	Establish 10 year trim cycles, 2-3 year stump/replanting cycle	Stumps completed by 2027, planting by 2033	\$13.5M (2022-2027)
Optimal Industry Model: EAB Completed by 2027, Re-establish 5-7 year trim cycle, 2-3 year stump removal/replanting cycle - if funding shortfall is eliminated	\$19.9M (2022-2025)	*2024	*2025	*2026	✓	Establish 5-7 year trim cycles, 2-3 year stump/replanting cycle	Stumps completed by 2027, planting by 2030	\$22.5M (2022-2027)



### Repayment overview:

	<u>2.50%</u>	<u>3%</u>	<u>3.50%</u>
<b>Annual repayment</b>	<u>10 year</u>	<u>15 year</u>	<u>20 year</u>
\$10,000,000	\$1,199,717	\$879,549	\$738,791
\$15,000,000	\$1,799,576	\$1,319,324	\$1,108,187
\$20,000,000	\$2,399,434	\$1,759,098	\$1,477,583
<b>Change in tax on Median Home</b>	<u>10 year</u>	<u>15 year</u>	<u>20 year</u>
\$10,000,000	\$ 8.15	\$ 5.97	\$ 5.02
\$15,000,000	\$ 12.22	\$ 8.96	\$ 7.53
\$20,000,000	\$ 16.30	\$ 11.95	\$ 10.04

- Any increase in GO debt, including bonds issued by the Port Authority, could impact the City's AAA bond rating. It is impossible to say what specific amount that would trigger negative rating action or change in outlook, but recent reports list an increase in outstanding debt as the greatest risk to the City's rating. Keeping new debt for this project, if approved, as low as possible would be prudent, especially in the context of current interest in increased bonding for other projects such as Street and bridge reconstruction and other Parks assets.

### Timeline & next steps:

## EAB- PORT AUTHORITY FUNDING

### 2021-2022 TIMELINE

