

1 **BOARD BILL NO. 227AA INTRODUCED BY ALDERWOMAN CHRISTINE INGRASSIA**

2 An ordinance calling and providing for the holding of an election in the City of St. Louis
3 on April 4, 2017, for the purpose of submitting to the qualified voters of the City of St. Louis a
4 proposal to impose a one half of one percent sales tax on all retail sales made in the City of St.
5 Louis which are subject to taxation under Chapter 144 RSMo. for economic development
6 purposes as set forth in Exhibits I, II, III, IV, V, and VI; providing for the notice of election as
7 provided by law and the manner of voting thereat; providing that if such question shall receive
8 the votes of a majority of the voters voting thereon that such tax shall be authorized and in effect
9 as provided in Section 67.1305 RSMo; providing for publication of this Ordinance; directing the
10 City Register to certify a copy of this Ordinance to the Board of Election Commissioners
11 immediately upon passage; directing the City Register to forward to the Director of Revenue of
12 the State, as required by law, a certified copy of this Ordinance, including the Notice of Election
13 attached hereto, and a copy of the abstract of votes cast on the question at said election; requiring
14 that the increase in the City sales tax, upon voter approval, be dedicated for the purpose of
15 economic development within the City of St. Louis as set forth in Exhibits I, II, III, IV, V, and
16 VI, and that the revenue generated by this tax be deposited in a special trust fund created
17 pursuant to this Ordinance and that the funds only be expended pursuant to the uses provided for
18 in Section 67.1305 RSMo. and set forth in Exhibits I, II, III, IV, V, and VI; creating a City of St.
19 Louis Economic Development Tax Board pursuant to Section 67.1305 RSMo; and containing a
20 severability clause and an emergency clause.

21 **WHEREAS**, the City of St. Louis (the “City”) is a body corporate and a political
22 subdivision of the State of Missouri, duly created, organized and existing under and by virtue of
23 its charter, the Constitution and laws of the State of Missouri; and

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SECTION TWO. The foregoing proposition shall be submitted to qualified voters in the City at an election in said City to be held on Tuesday, April 4, 2017. If the proposition shall receive in its favor the votes of a majority of the qualified voters voting thereon, the tax as set forth within said proposition shall be authorized and adopted and become part of the laws of the City of St. Louis on the first day of the second calendar quarter following the calendar quarter in which the election was held, as provided in Section 67.1305 RSMo. The qualified voters may, at such election, vote a ballot substantially in the following form:

OFFICIAL BALLOT

Instructions to voters:

To vote in favor of the proposition submitted upon this ballot, place a cross (X) mark in the square opposite the word “YES”; and, to vote against the said proposition, place a cross (X) mark in the square opposite the word “NO”.

PROPOSITION ____

Shall the City of St. Louis impose a sales tax at a rate of one half of one percent for economic development purposes including (1) North/South Metrolink, (2) neighborhood revitalization, (3) workforce development; (4) public safety, and (5) to upgrade the city’s infrastructure, with annual public audits?

YES

NO

1 **SECTION THREE.** Notice of the election on such proposition shall be published and
2 said election shall be conducted in the manner provided by law.

3 **SECTION FOUR.** The Board of Election Commissioners for the City of St. Louis,
4 Missouri shall provide notice of such election, shall provide the ballots or voting machines, or
5 both, shall conduct the election, and shall certify the results of said election, according to the
6 laws regulating such elections.

7 **SECTION FIVE.** Immediately upon the passage and approval of this ordinance, the
8 Clerk of the Board of Aldermen shall certify a copy thereof to the Board of Election
9 Commissioners for the City of St. Louis, Missouri for action and proceedings by said Board in
10 accordance herewith and as required by law.

11 **SECTION SIX.** Upon the approval of the tax by the qualified voters of the City, the
12 City shall establish an “Economic Development Tax Board” consisting of nine (9) members as
13 required by Section 67.1305 RSMo. Board members shall be appointed in the following manner:

14 Two (2) members shall be appointed by the school districts included within any
15 economic development plan or area funded by the sales tax authorized under Section 67.1305
16 RSMo. Such member or members shall be appointed in any manner agreed upon by the affected
17 districts.

18 Five (5) members shall be appointed by the Mayor with the consent of the majority of the
19 Board of Aldermen of the City of St. Louis.

20 Two (2) members shall be appointed by the Board of Aldermen of the City of St. Louis.

21 **SECTION SEVEN.** The portion of revenue derived from the tax authorized by this
22 Ordinance which is returned to the City of St. Louis pursuant to Section 67.1305 RSMo. shall be
23 deposited in a special trust fund created pursuant to Ordinance No. _____, known as the

1 Economic Development Tax Trust Fund. All revenue and all interest on such revenue shall be
2 allocated and shall only be expended as allowed in Section 67.1305 RSMo and for the uses set
3 forth herein in Exhibits I, II, III, IV, V, and VI pursuant to Section 67.1305 RSMo.

4 **SECTION EIGHT.** It is hereby declared to be the intention of the Board of Aldermen
5 that each and every part, section and subsection of this Ordinance shall be separate and severable
6 from each and every other part, section and subsection hereof and that the Board of Aldermen
7 intends to adopt each said part, section and subsection separately and independently of any other
8 part, section and subsection. In the event that any part, section or subsection of this Ordinance
9 shall be determined to be or to have been unlawful or unconstitutional, the remaining parts,
10 sections and subsections shall be and remain in full force and effect, unless the court making
11 such finding shall determine that the valid portions standing alone are incomplete and are
12 incapable of being executed in accord with the legislative intent.

13 **SECTION NINE.** The Board of Aldermen hereby finds and determines that this
14 Ordinance constitutes an “emergency measure” pursuant to Article IV, Section 20 of the City
15 Charter, because this Ordinance calls and provides for an election and vote by the people, and as
16 such, this Ordinance shall take effect immediately upon its approval by the Mayor as provided in
17 Article IV, Section 20 of the City Charter.

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Exhibit I

Use Summary

The proceeds of the ½ Cent Economic Development Sales Tax are intended for the uses outlined in Table I, in the proportions outlined in Table I. Together, these proposed uses represent a comprehensive approach to economic development which will harness the full catalytic potential of North South Metrolink by pairing it with a strategy that includes innovative approaches to neighborhood and workforce development as well as investments into public safety and infrastructure. Together, these initiatives will help grow existing momentum in the central corridor to neighborhoods north and south.

TABLE I

Category	% of Proceeds	Proj. FY 2018 Alloc.	Additional Detail
Transit	60%	\$ 12,153,207	Exhibit II
Neighborhood Revitalization	10%	\$ 2,025,535	Exhibit III
Workforce Development	10%	\$ 2,025,535	Exhibit IV
Public Safety	10%	\$ 2,025,535	Exhibit V
Infrastructure	10%	\$ 2,025,535	Exhibit VI

Exhibit II

Transit

60% of the proceeds of the ½ Cent Economic Development Sales Tax are intended for transit. These revenues will serve as a dedicated funding stream for the planning, engineering, design, and construction of the North South Metrolink alignment.

North South Metrolink

Expanding access to transit is critical to addressing the myriad challenges facing the St. Louis Metropolitan Region; racial disparities; poverty, crime, and education chief among them.

Studies out of the Federal Reserve, East-West Gateway, and Citizens for Modern Transit speak to the transformative impact of light rail, which has raised property values by up to 30% in St. Louis County, would help connect the more than one third of households in North St. Louis which don't have access to a car to jobs across the region.

The experiences of cities across the nation speak to the capacity of light rail to connect marginalized communities to economic growth, grow regional productivity, deconcentrate poverty, promote healthy living, create vibrant and accessible public spaces, and catalyze development in struggling neighborhoods.

East-West Gateway, our region's Metropolitan Planning Organization, declared the North/South Metrolink alignment the City's Locally Preferred Alternative (LPA) in 2008, and reapproved the alignment's status as a Tier 1 regional priority in 2015, in the Connected 2045 long-range transportation plan. The LPA runs from north to south as follows:

- Northside: Goodfellow, Natural Bridge, North Florissant, 14th Street
- Downtown: Convention Plaza, 9th and 10th Street couplet, Clark
- Southside: 14th Street, Couteau, Jefferson, I-55

The City is currently, in collaboration with the Bi-State Development Agency and East West Gateway, updating the LPA to develop new ridership estimates, and determine how the relocation of the National Geospatial Agency affects the proposed alignment. One key component of this study involves identifying a minimum operable segment (MOS) which will determine what phase 1 of North South Metrolink looks like. While we can't know precisely what the study will ultimately select as an MOS, we do know that any viable minimum operable segment must combine density, need, and opportunity. That is to say, we know that the MOS will serve South St. Louis, which includes the region's densest communities, North St. Louis, which includes the region's most carless communities, and the National Geospatial- Intelligence Agency, which represents the single greatest development opportunity in the city's history.

Once we have a MOS, and updated cost, ridership, and other route numbers, we can enter the Federal Transit Administration’s New Starts Program, which can award large transit projects up to 60% federal matching funds – in practice, however, no projects win more than 50% match.

We cannot receive New Starts funding, however, until we have spent 2 years in project development, conducting preliminary engineering, and 2 years in engineering working towards developing a final design for North South Metrolink. This planning, engineering, and design work usually costs between 13% and 15% of the total project costs.

That is one of the reasons it’s so critical to start raising funds now – if we want to start building a \$700 Million light rail extension in 2023, we have to be ready to spend \$40 Million in 2021!

While North South Metrolink will be expensive, and the construction of the full 31.5 mile alignment will require a creative approach to funding, allocating 60% of the proceeds from the half cent economic development sales tax to transit moves us a big step closer to expanding light rail.

The projected revenue stream could provide financing capacity of roughly three hundred and fifty million (\$350,000,000) at a three percent (3%) TIFIA interest, and leverage an equivalent amount in New Starts funding, bringing the total project funding to roughly seven hundred million (\$700,000,000).

By looking at the cost/mile numbers calculated in the 2007 Northside Southside study, and indexing them to inflation (see Table 1), we can develop a rough illustrative project which stretches from Newstead Station in the North to Keokuk Station in the South (see Table 2). The economic development tax, together with New Starts funding, could fund its construction.

Table 1

Cost/Mile			
Corridor	2007 (Study)	2016 (est.)	2023 (proj.)
North St. Louis	\$ 46,000,000	\$ 53,600,000	\$ 61,569,552
Downtown	\$ 87,200,000	\$ 101,700,000	\$ 116,821,332
South St. Louis	\$ 61,400,000	\$ 71,600,000	\$ 82,245,894

Table 2

Illustrative Project		
Corridor	Miles	Cost -202 3
North	3.7	\$ 227,807,341.61
Downtown	1.4	\$ 163,549,865.36
South	3.8	\$ 312,534,396.45

Exhibit III

Neighborhood Revitalization

10% of the proceeds of the ½ Cent Economic Development Sales Tax are dedicated to neighborhood revitalization. These revenues are intended to serve as a dedicated funding stream to establish and implement a CDA program substantially in the form described below. The program is inspired by HUD's Choice Neighborhood program, and draws heavily from HUD endorsed best practices in community development.

Program Description

The program is founded on three key principles which underpin HUD's approach to community development:

1. **Targeted, Place Based Investment:** Instead of dividing the revenues up into 2, 3, or 28 separate grants, CDA will award the full award to one neighborhood (or group of contiguous neighborhoods) each year. This approach concentrates the program's impact and ensures that the funds serve to catalyze real change. This is a national best practice.¹ That means, however, that the City must be extremely careful about how neighborhoods are selected - that is why the selection process will be data driven, and ultimately decided by a panel of community development professionals.
2. **Community Engagement:** Outcomes are measurably better when the community drives the planning process – when residents identify the challenges they face, and propose solutions custom built for their neighborhood. That is why CDA will require that the selected area have a prior or existing community engagement process underway. To ensure this does not exclude communities without access to planning funds, CDA will award at least one \$50,000 planning grant each year to a community that has demonstrated need, and is committed to engaging in a robust community planning effort. CDA will also require that proposals include a significant analysis of needs, as identified by local residents and stakeholders.
3. **Leverage:** Like many HUD initiatives, the City's program will require that applicants demonstrate the capacity to leverage the city's investment with strong partnerships and additional funding sources. Because of this, CDA will require that applications affecting the built environment result in a 3:1 match, and that all other proposals have a 1:1 match. Funds, if put in the hands of passionate, dedicated people, can leverage extraordinary transformation.

In addition to the above, the following details are essential to the program:

¹ See "Targeting Strategies for Neighborhood Development", HUD's Office of Policy Development and Research, as well as HUD's September 21, 2016 CPD notice on Neighborhood Revitalization Strategy Areas.

- **Neighborhood/Area Selection:** During the first quarter of each year, CDA will accept proposals from representatives of areas interested in participating in the Targeted Investment Program. CDA will require that the selected area have a prior or existing community engagement process underway. Proposals should be data driven and must include a significant analysis of needs, as identified by local residents and stakeholders. Proposals must also identify priorities that are in line with the City's most recent HUD Consolidated Plan. The selection of the neighborhood will be decided by a panel of community development practitioners/professionals (that are void of conflicts of interest).
- **Bonus Points During Selection Process:** Certain neighborhoods/areas will receive bonus points during the selection process. CDA proposes to provide bonus points for the following: (1) proposals that include neighborhoods within 1/2 a mile of the North/South Metrolink alignment; (2) proposals that include PIER neighborhoods; (3) proposals that include areas located within the Promise Zone; and (4) proposals that include neighborhoods located in HUD approved Neighborhood Revitalization Strategy Areas.
- **Competitive Funding Cycle:** CDA will utilize the established HUD citizen participation and funding process to notify the public and solicit proposals from organizations/entities based on the needs identified during the neighborhood selection process. Proposals will be solicited from non-profit organizations and developers in conjunction with the annual CDBG funding cycle and will be analyzed for eligibility, rated, and then ranked. All proposal raters for the Targeted Investment Program will live or work in the affected service area.
- **Planning Grant:** In order to ensure that communities without ready access to planning funds are not excluded from the program, CDA will award at least one \$50,000 planning grant each year to an area that has demonstrated need, and is committed to engaging in a robust community planning effort. Funds will be awarded in conjunction with the CDBG funding cycle to ensure that areas can compete during the next neighborhood selection process.
- **Sustainability:** During the proposal submission process, CDA will require that applicants demonstrate the sustainability of the project. Although CDA will consider funding programs for up to two years, it is expected that programs be sustained for a period of five years.
- **Coordinated City Services:** CDA will work with other City departments to coordinate services within the targeted area. Once a month (for the first two years), CDA will host a coordination meeting with the Neighborhood Improvement Specialists, Building Inspectors, Police and community members to address nuisance code enforcement issues, etc in the target area. In addition, CDA will coordinate with the St. Louis Development Corporation to prioritize the target area for CDBG-funded economic development grant and loan programs.
- **Ongoing Community Engagement:** On a quarterly basis (for the first two years), CDA will hold/attend a community meeting to update residents on the status of programs and activities.
- **Additional CDA Support:** In addition to the enhanced community engagement efforts and coordinated city services, CDA will provide capacity-building workshops for non-profits serving the targeted area, hold a Resource Fair, and coordinate a community service project in the area during its Community Development Week. Together with the planning funds, this support is intended to create a pipeline that allows neighborhoods to

build capacity, undertake robust planning efforts, and realize their vision with grant funds.

- **Compliance and Success Metrics:** All entities funded by the program will be required to report project status and accomplishments on a monthly and annual basis.

We expect this program to both encourage communities across the city to embark on long-term, inclusive, planning efforts, and ultimately help turn resident's vision for their neighborhood into a reality.

Exhibit IV

Workforce Development

10% of the proceeds of the ½ Cent Economic Development Sales Tax are intended for workforce development. These revenues will allow SLATE to serve more individuals and establish and implement a youth empowerment initiative administered by the Department of Human Services substantially in the form described below.

SLATE Illustrative Budget

The St. Louis Agency on Training and Employment is not currently funded out of the general fund, instead, it relies wholly on federal grant funds. These funds are severely encumbered, and require that SLATE prove that it only serves job ready individuals. As a result, everyone who comes through SLATE's doors must take a 30-minute test to establish their baseline job readiness. The 30% to 40% of individuals who pass must then take a 4-hour ACT Work Key, which grades them on a variety of work skills. Their score determines their eligibility for a variety of SLATE training programs.

While prioritizing scarce resources on those most able to take advantage of them makes sense, the reality is that a broad swath of individuals – those who either can not pass the 30 minute test, or are put off by the prospect of taking a 4 hour test – are currently underserved.

Using 5% of the proceeds of the economic development sales tax - \$1 M in year one – to establish a general revenue funding stream will help us address this, and other gaps in SLATE's budget.

- \$60,000 – Data Manager
 - The State collects and stores all of SLATE's data about the individuals they serve and their outcomes. Pulling and analyzing this data is a significant challenge for SLATE, and will become more cumbersome as the number of stored variables is set to increase 5 fold in the next year. A data manager would organize SLATE's data, keep records, and ensure we have the base data off of which to measure progress.
- \$140,000 – Outreach centers
 - This line item allows SLATE to hire two additional outreach coordinators. Embedded in communities without ready access to job training, these individuals would be tasked with going out to communities across the city and conducting orientations and intake sessions.
- \$50,000 – Training and Certification
 - There is a high, unmet need among individuals who want to level up their work skills. They may have a job, but they could get a better one with a small investment in additional training and certification - this line item would help meet that need.
- \$50,000 – Computers, office machines, and furniture
 - Much of SLATE's job training equipment is in need of updates or replacement.

- \$200,000 – Local Match Funds
 - We may currently be missing out on grants which require that applicants provide local match funds – this would allow us to go after these opportunities and bring more public and philanthropic dollars to St. Louis
- \$500,000 – Program Expansion
 - The exhaustive and heavily documented process to enter job training programs deters a lot of potentially successful participants. This is especially true of the 4-hour test. Funding program expansion out of unrestricted general revenue funds would allow us to open the programs up to more individuals. SLATE will prioritize expanding programs that have demonstrated success, and which may be able to leverage an expanded city commitment with private or non-profit dollars.

Youth Empowerment

The current pipeline for creating a diverse and qualified workforce in St. Louis is narrow and under-resourced, particularly for younger students and workers (aged 16-24). These youth will benefit significantly from improved soft skills, educational attainment, and training and employment. 5% of the proceeds of the economic development sales tax - \$1 M in year one – are intended to be used to create The Youth Empowerment portfolio. These revenues, constrained by the eligible uses of economic development sales tax revenues, will be used to fund the administration of the program by the Department of Human Services, and the evaluation of applications by non-profit partners with experience and expertise evaluating similar programs.

This program will award funds on a competitive basis for summer youth employment, recreation programs, scholarship programs and other educational supports for City youth pursuing vocational, technical, and secondary education.

- Summer job programs provide resume building skills, knowledge of workplaces, financial literacy and income to bring more young people into the workforce.
- Summer programming – like programs held at City Recreation Centers – can help keep young people connected to adults, learn soft skills and conflict management, and steer clear of potential criminal involvement which may impact their ability to secure gainful employment in the future.
- Scholarship programs, and other educational supports, provide young people with a more secure educational experience by reducing the burden of debt and making additional education a more attractive and attainable option for our poorest young people.

The final selection of award recipients will be conducted by a committee made up of:

- One Representative of the Board of Aldermen
- One Representative of the St. Louis Public School District
- Director of SLATE
- Director of Community Development Administration
- Director of Human Services

Exhibit V

Public Safety

10% of the proceeds of the ½ Cent Economic Development Sales Tax are intended for public safety. These revenues will serve as a dedicated funding stream that allows the city to invest further in public safety infrastructure.

Exhibit VI

Infrastructure

10% of the proceeds of the ½ Cent Economic Development Sales Tax are intended for infrastructure. These revenues will serve as a funding stream that allows the city to purchase and repair operational equipment and address the needs of city facilities. These priorities will be determined by the city's capital committee.

Our city's infrastructure was built to sustain 850,000 residents. Unfortunately, our current tax base cannot keep up with the maintenance cost. We have significant needs, ranging from our roads and bridges, to city buildings, vehicles, and equipment. While not nearly enough to meet all of the city's needs, these revenues represent an important resource that will help us address some of the city's most critical challenges.

Though it would be possible to bond out the revenue stream for a \$30-40 Million lump sum, it is not clear that this is the optimal course of action – particularly given current high interest rates. Instead, it makes sense to dedicate this revenue to augmenting our annual capital budget. The ultimate allocation of these infrastructure funds will be determined through the budgeting process, which includes the input of the capital committee, and will be constrained by the eligible uses of economic development sales tax revenues.”