

## Economic Development Sales Tax Summary

The proceeds of the ½ Cent Economic Development Sales Tax are intended for the uses 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	Projected FY 2018 Allocation
Transit	60%	\$ 12,153,207
Neighborhood Revitalization	10%	\$ 2,025,535
Workforce Development	10%	\$ 2,025,535
Public Safety	10%	\$ 2,025,535
Infrastructure	10%	\$ 2,025,535

### Transit

Sixty (60) percent 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.

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 from 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 percent in St. Louis County and would help connect the more than one-third of households in North St. Louis that don't have access to a car to get 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 in 2015 reapproved the alignment's status as a Tier 1 regional priority in our region's long-range transportation plan, called Connected2045. The LPA runs from north to south as follows:

- North: Goodfellow, Natural Bridge, North Florissant, 14th Street
- Central: Convention Plaza, 9th and 10th Street couplet, Clark
- South: 14th Street, Chouteau, 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-Intelligence Agency affects the proposed alignment. One key component of this study involves identifying a minimum operable segment (MOS), which will determine what Phase I of North-South MetroLink looks like. While we can't know precisely what the study will ultimately determine as an MOS, we do know that any viable MOS 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 car-less 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 percent federal matching funds.

We cannot receive New Starts funding, however, until we have spent two years in project development, conducting preliminary engineering, and two years in engineering working toward developing a final design for North-South MetroLink. This planning, engineering, and design work usually costs about 15 percent of the total project costs.

The economic development tax, together with New Starts funding, is projected to be able to fund a \$700 Million Phase I light rail project, which could extend nearly nine miles from Newstead to Keokuk and begin operations in less than 10 years.

Future phases would work toward the construction of the full 31.5 mile alignment, which includes portions and North and South County.

## Neighborhood Revitalization

Ten (10) percent of the proceeds of the ½ Cent Economic Development Sales Tax are intended for neighborhood revitalization. These revenues will serve as a dedicated funding stream to establish and implement a new program under the Community Development Administration (CDA). The initiative 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 into multiple grants, CDA will award the full amount 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.<sup>1</sup> The selection process will be data driven and 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. CDA will require that the selected area have a community engagement process for the proposal, which should be data driven, sustainable, and must include a significant analysis of needs, as identified by local residents and stakeholders. CDA also will award planning grants to neighborhoods with demonstrated need.
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, bonus points will be awarded to proposals 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. 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 residents' vision for their neighborhood into a reality.

## Workforce Development

Ten (10) percent of the proceeds of the ½ Cent Economic Development Sales Tax are intended for workforce development. These revenues will allow the St. Louis Agency on Training and Employment (SLATE) to serve more individuals and establish and implement a youth empowerment initiative.

### SLATE

SLATE 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, more than half of the individuals who come to SLATE seeking assistance are turned away from job training programs. Using 5 percent of the proceeds of the ½ Cent Economic Development Sales Tax – \$1 Million in year one –

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<sup>1</sup> 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.

will establish a general revenue funding stream to help us address this gap in SLATE's budget, as well as expand successful programs to more individuals and hire outreach coordinators to embed in communities without ready access to job training.

### **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 young adults will benefit significantly from improved soft skills, educational attainment, and training and employment. Five (5) percent of the proceeds of the ½ Cent Economic Development Sales Tax – \$1 Million in year one – will be used to create The Youth Empowerment portfolio. 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.

### **Public Safety**

Ten (10) percent 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, which could include expanding our camera network and Real Time Crime Center.

### **Infrastructure**

Ten (10) percent of the proceeds of the ½ Cent Economic Development Sales Tax are dedicated to 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. While not enough to meet all of the City's needs, these revenues do represent an important resource that will help us address some of the City's most critical challenges. 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.