



DOWNTOWN ST. LOUIS FISCAL IMPACT ANALYSIS

Technical Report

July 2022

PREPARED FOR
Greater St. Louis, Inc.

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INTRODUCTION AND SCOPE

OVERVIEW AND SCOPE

In February 2022, Greater St. Louis Inc. engaged Development Strategies to provide an analysis of the fiscal contributions of Downtown St. Louis (“Downtown”) to the city as a whole as well as the city’s General Fund expenditures allocated to Downtown. This analysis builds upon many of the established data sources and methodologies from a previous report (*Downtown St. Louis: Revenues Generated In and Expenses Attributed to Downtown, April 2016* referred herein as “2016 Study”), but with some refinement based on updated data sources, conversations with local officials, and expanded research. This document is intended to be technical in nature to ensure transparency with the analysis and establish a baseline for future updates and evaluating Downtown’s performance over time.

The primary focus of this analysis is to understand the relative positioning and trajectory of Downtown in terms of population, employment, real estate, and fiscal trends. While it was beyond the scope of this analysis to provide a strategic framework, this analysis provides additional support for the goals of *Design Downtown STL*¹ that include increasing employment and housing opportunities and enhancing quality of life and visitor experience. These goals are also consistent with the *STL 2030 Jobs Plan*,² including equitable employment growth, increasing employment density in the urban core, and growing the number of high quality jobs in the region and the *Roadmap to Economic Justice*,³ which calls for supporting commercial development in the core of Downtown, Downtown West, and Near North Side. Without a doubt, attracting new investment Downtown is critical to the economic health of the city and region.

STUDY PERIOD AND GENERAL LIMITATIONS

The following analysis leverages multiple data sources, including data from Esri, U.S. Census, Bureau of Labor Statistics (BLS), Bureau of Economic Analysis (BEA), and CoStar, as well as City of St. Louis tax revenues and expenditures from the Consolidated Annual Financial Reports (CAFR) and assessor data from the City of St. Louis Assessor’s Office. A constraint to this analysis is the lag of data and the ability to understand trends within a select geography, like the Downtown study area.⁴ Esri provides population and employment estimates for 2021; however, the latest OnTheMap data, which is the primary source for neighborhood-level employment trends, is through 2019. Usually, employment changes are modest year to year, but given the impacts of the COVID-19 pandemic and subsequent economic shutdowns of 2020 and early 2021, these were not “typical” years. This analysis primarily focuses on the impacts of Downtown prior to the pandemic in terms of annual average revenue and expenditures. Based on BEA data, total citywide employment declined by 6.1 percent from 2019 to 2020, which was slightly higher than the regional change of 5.0 percent. The largest share of the citywide job losses was in Arts, Entertainment, and Recreation (29 percent decline) and Accommodation and Food Services (30 percent decline), although, based on local and national trends, a large proportion of these jobs came back and were not permanently lost. While a significant share of the net job losses during the pandemic were temporary, as more locational employment data becomes available, future analysis will be necessary to evaluate the long-term impacts on Downtown.

¹ <https://www.stlouis-mo.gov/government/departments/planning/documents/design-downtown-stl-neighborhood-plan.cfm>

² <https://greaterstlinc.com/sites/default/files/2021-08/2030-Jobs-Plan.pdf>

³ See page five of the “Roadmap to Economic Justice” under “Commercial Corridor Revitalization.” <https://www.stlouis-mo.gov/government/departments/sldc/documents/upload/Roadmap-to-Economic-Justice-20220425.pdf>

⁴ Defined on page five of this report to include the city-designated neighborhood boundaries of Downtown and Downtown West.

SUMMARY OF FINDINGS

FISCAL IMPACTS

COST-BENEFIT SUMMARY

Downtown is a significant driver of economic activity for St. Louis and generates a much higher share of General Fund revenue compared to allocated expenditures from the city. Each year, **Downtown St. Louis generates around four times the amount of General Fund revenue (\$102 million) compared to estimated General Fund expenditures for services allocated Downtown (\$26 million).**

OVERALL REVENUE

Downtown generates more than **\$102 million in General Fund revenues annually, or more than 19 percent of citywide revenue.** This is significant considering **Downtown includes less than four percent of the city's land area.**

REVENUE FROM EMPLOYMENT AND WAGES

Based on Downtown wages and commuting patterns, more than **24 percent of the city's earnings taxes** and **34 percent of the city's payroll taxes** are generated Downtown. More than **one-third of the city's private sector jobs are located Downtown.**

PROPERTY TAX

Downtown has the **highest assessed value per acre in the city;** however, given its large share of tax-exempt properties, it only **contributes around 13 percent of citywide property tax revenue.** Additionally, based on data from the St. Louis Assessor's Office, **total aggregate assessments Downtown have decreased by two percent since 2010,** while citywide, assessments have increased by 19 percent on average.

GENERAL FUND EXPENDITURES

Despite Downtown's very high development density, **the city allocates less than five percent of General Fund expenditures Downtown.** This can be attributed to Downtown only capturing around 3.4 percent of the citywide population, low acreage of city-managed parks, and a lower estimated cost of law enforcement **(while 11 percent of crimes committed citywide occurred Downtown, a relatively small share were violent crimes contributing to lower law enforcement and judicial expenses Downtown).**

DEMOGRAPHICS

POPULATION

According to Esri, as of 2021, there were around **10,000 Downtown residents**. Population growth has been strong adding **2,300 net new residents** since 2010 for an **increase of 30 percent**.

RACE

The racial composition Downtown is diverse and generally reflective of the city as a whole—55 percent of the population is white (45 percent citywide), 32 percent is Black or African American (42 percent citywide), five percent is Asian (four percent citywide), and three percent is Hispanic or Latino (four percent citywide).

AGE AND EDUCATIONAL ATTAINMENT

More than one-third of residents are ages 25 to 34 reflective of the large number of younger, highly-educated professionals living Downtown—around **60 percent of all residents have at least a bachelor's degree compared** to 38 percent for the city as a whole.

INCOME

Downtown households have higher median earnings compared to the city as whole. Median household income is about 1.25 times higher for Downtown residents (\$61,000) compared to the city (\$48,000). **Per capita income is also much higher Downtown** (\$50,500 compared to \$30,000) as a result of a larger share of smaller households and fewer households with dependents.

EMPLOYMENT

TOTAL EMPLOYMENT

According to OnTheMap, based on the latest available data from 2019, there were just over **57,000 jobs Downtown** representing around **27 percent of total citywide employment**. Downtown **lost approximately 18,000 jobs for a 24 percent decrease since 2010**.

EMPLOYMENT BY SECTOR

Downtown has a **higher proportion of employment in well-paying knowledge-based sectors** compared to other parts of the city. For example, **more than two-thirds of the city's jobs in the Information and Professional, Scientific, and Technical sectors are located Downtown**. While Downtown has lost 18,000 jobs over the last decade, there has been **net job growth in Finance and Insurance (+1,420), Information (+980), and Professional, Scientific, and Technical Services (+940)**.

WAGES

While Downtown captures approximately 27 percent of the city's total employment, **it generates more than 31 percent of the city's wages, or more than \$4 billion** annually, since wages Downtown are higher on average.

REAL ESTATE

MULTIFAMILY

According to CoStar, there are more than **7,000 multifamily units Downtown**, of which around **1,700 were built since 2010** for an increase of 24 percent. **Residential development will remain strong in the coming years**—Butler Brothers Building, 1810 Washington Avenue, and 1800 Washington Avenue projects are underway and will add nearly 650 units. Preliminary approval of incentives was just announced for the AHM Group mixed-use development adjacent to the future Centene Stadium that will add up to 500 apartments. Other planned projects include The Fielder Lofts and 1014 Spruce Street that would add nearly 300 more units.

OFFICE

According to CoStar, **there is a total of 28.1 million square feet of office space** and new development activity has been relatively slow with **only 690,000 square feet delivered since 2010**. The weak office market and lack of employment growth is demonstrated by the high vacancy rate—there is around **3.9 million square feet of vacant space for a rate of 14 percent**, although approximately 2.6 million square feet of this vacant space is contained within the Railway Exchange Building and AT&T Building.

RETAIL

According to CoStar, Downtown has just under **3.3 million square feet of retail space with just under 380,000 square feet delivered since 2010**, most of which is contained within Ballpark Village and Mercantile Exchange. In the early 2010s, average retail rents Downtown were well above average rents citywide, although **rent growth has been flat since 2014 and rents are now generally consistent with average rents citywide**.

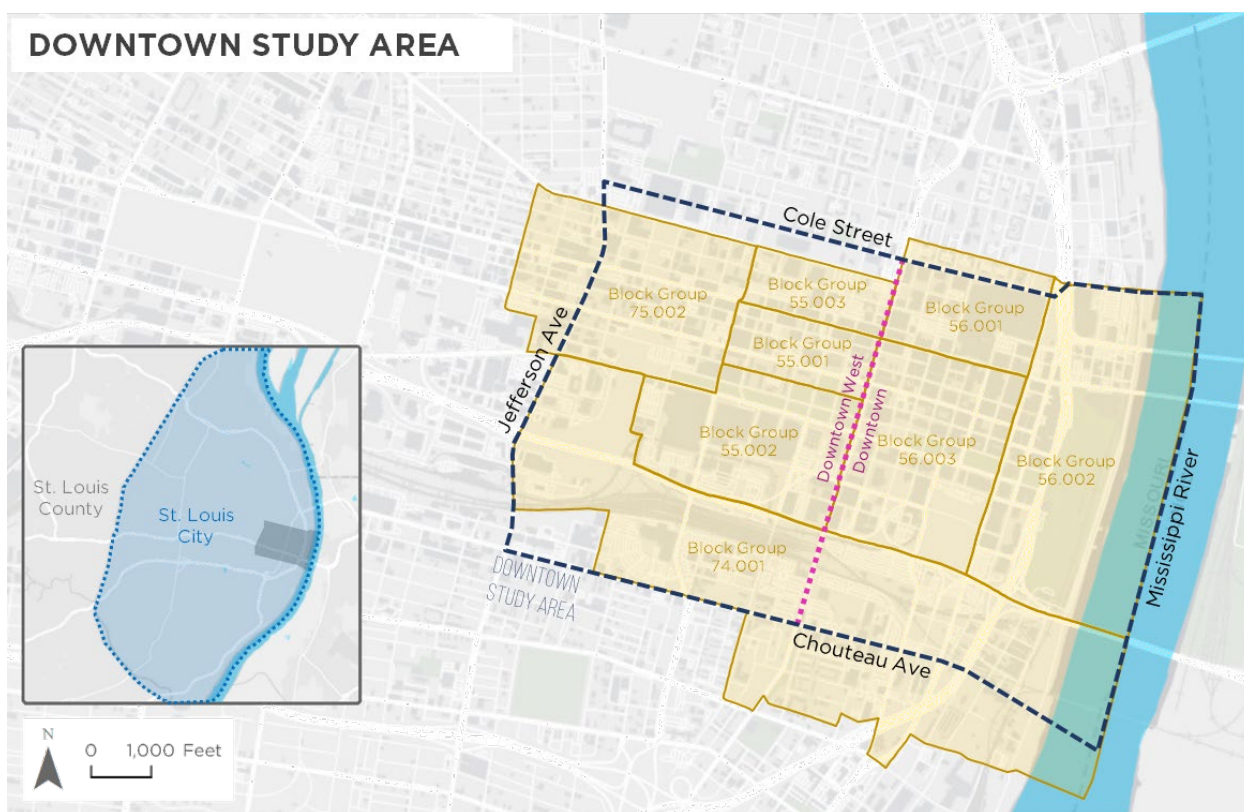
HOTEL

Downtown is the city's primary hospitality hub. According to CoStar, **Downtown has more than 7,500 hotel rooms representing 78 percent of the hotel supply citywide**. Since 2010, 572 hotel rooms have been delivered in the market for an increase of approximately eight percent. **Both occupancy and Average Daily Rate (ADR) were significantly impacted by the pandemic**. As of June 2022, occupancy has rebounded but is still below pre-pandemic levels.

DOWNTOWN STUDY AREA

The study area includes the city-designated neighborhood areas of Downtown and Downtown West, which consists of a combined 2.4-square mile area generally bound by Cole Street to the north, Jefferson Avenue to the west, Chouteau Avenue to the south, and Mississippi River to the east. Note that the study area boundaries do not include the Wells Fargo Campus immediately west, which according to OnTheMap contained approximately 6,000 jobs in 2019.

This study area was established to pull data from CoStar, Esri, and OnTheMap. This analysis did not utilize Census data, since block group geography is not consistent with the study area as presented in the map below, although in some cases Census data were pulled for these block groups to verify trends.

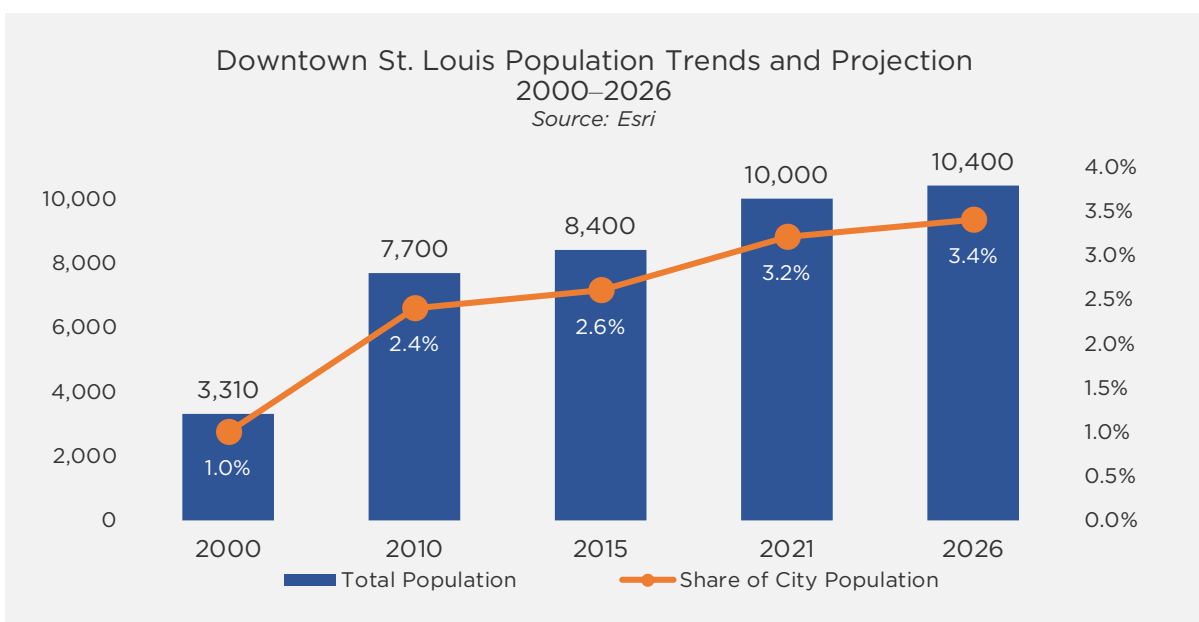


DEMOGRAPHIC OVERVIEW

POPULATION

Downtown has experienced robust population growth since 2000, exceeding regional growth trends. From 2000 to 2010, Downtown more than doubled its population, adding just over 4,300 net new residents for a total growth rate of nearly 133 percent. The growth rate slowed after 2010—2,300 net new residents were added for a total rate of growth of 30 percent, still well above regional population growth of around two percent. This is also significant considering that total citywide population declined by approximately three percent—a net decrease of more than 10,000 residents. As presented in the map on the following page, Downtown had some of the strongest net gains in population citywide during this time period.

Downtown's share of citywide population increased from 2.4 percent to 3.2 percent from 2010 to 2021, as presented in the following chart.



The racial composition Downtown is diverse and generally reflective of the city as a whole—55 percent of the population is white (45 percent citywide), 32 percent is Black or African American (42 percent citywide), five percent is Asian (four percent citywide) and three percent is Hispanic or Latino (four percent citywide).

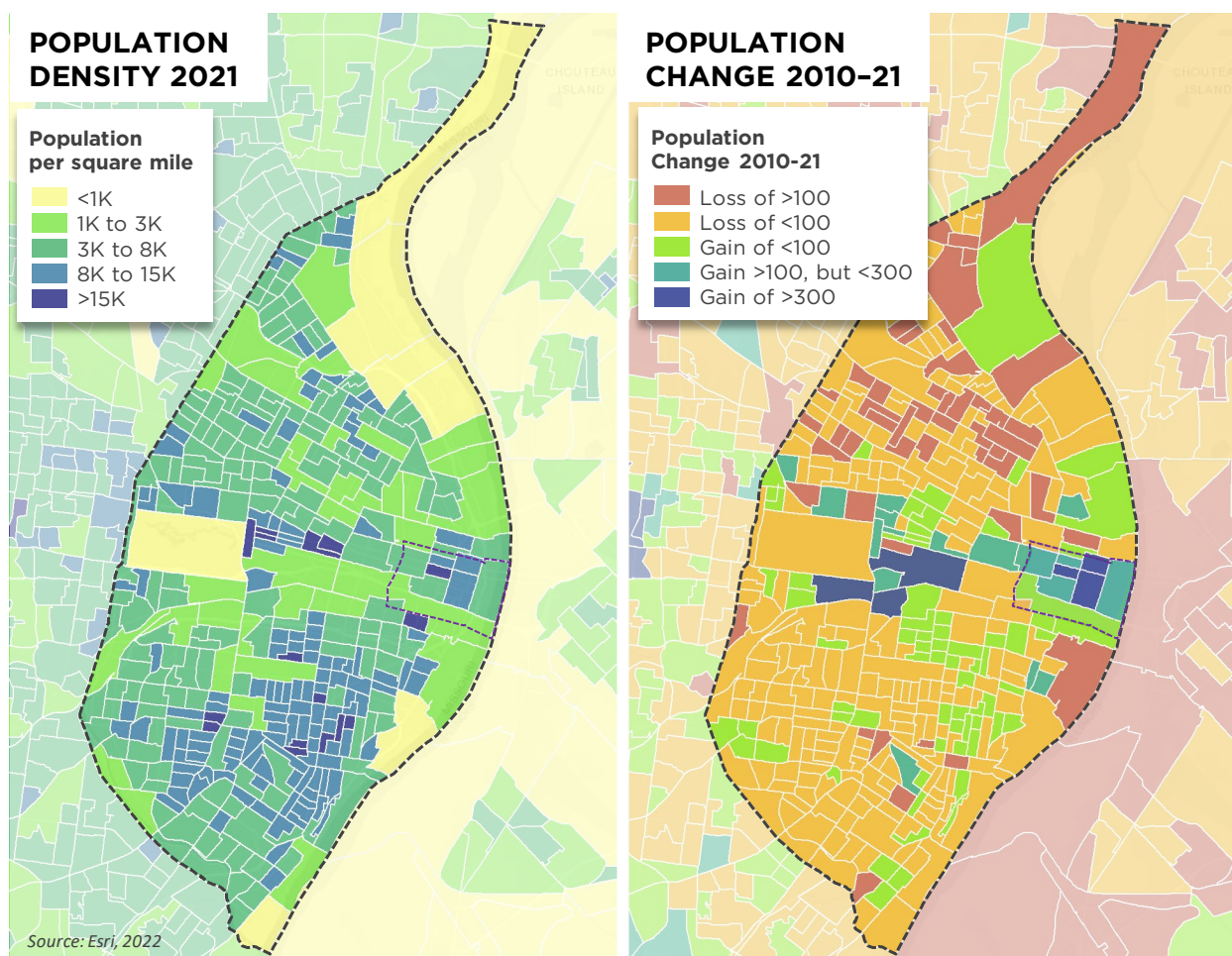
Population by Race, 2021

Description	Downtown	St. Louis City
White	55%	45%
Black or African American	32%	42%
American Indian and Alaska Native	0%	0%
Asian	5%	4%
Pacific Islander	0%	0%
Other Race	1%	2%
Two or More Races	3%	3%
Hispanic or Latino	3%	4%

Source: Esri

In 2021, the population density of Downtown was 4,439 residents per square mile, compared to 5,004 residents per square mile citywide. While population growth has been strong Downtown over the last decade, its lower-than-average density can be attributed to the large proportion of institutional, employment-based, and tourism-based uses Downtown.

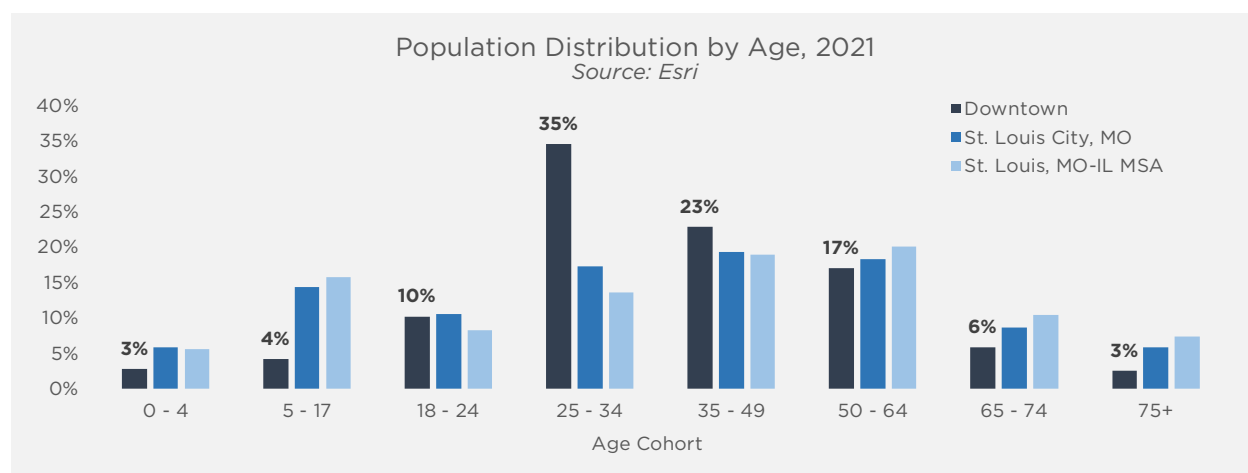
Recent residential growth has been driven by the addition of new multifamily housing units with more than 1,700 units delivered since 2010. Population growth is projected to continue over the next decade given current and proposed multifamily development activity. Ballpark Heights was recently delivered with 80 units and the Butler Brothers Building, 1810 Washington Avenue, and 1800 Washington Avenue projects are underway, adding nearly 650 units to be delivered in 2023 and 2024. Preliminary approval of incentives was just announced for the AHM Group mixed-use development adjacent to the future Centene Stadium that will add up to 500 apartments. Other planned projects include The Fielder Lofts and 1014 Spruce Street that would add nearly 300 more units.



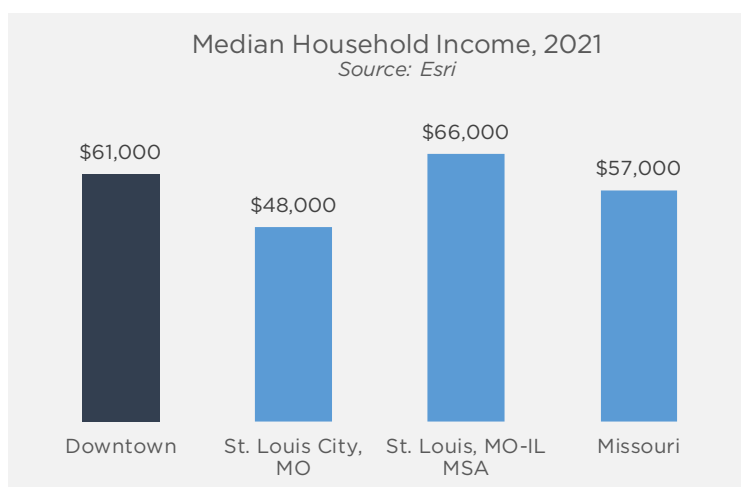
SOCIOECONOMIC CONDITIONS

The average composition of Downtown households differs from the city as a whole. In 2021, average household sizes Downtown are smaller—1.44 persons compared to the citywide average of 2.12 persons per household—and 69 percent of households Downtown only have a single person, compared to 45 percent citywide.⁵

Downtown is also home to a notably higher share of residents between the ages of 25 and 34, a number reflective of the large number of young professionals and low share of those aged 65 and older living there. More than one-third of the residents Downtown are in this age group compared to 17 percent in the rest of the city. As a result of this relatively young population, Downtown has a much higher share of non-family households (81 percent) compared to the city average (54 percent).



Downtown residents have higher earnings on average than residents in the rest of the city. The median household income is about 1.25 times higher for Downtown residents (\$61,000) than the rest of the city (\$48,000). Per capita income is also much greater in Downtown (\$50,500 compared to \$30,000) as a result of smaller households and fewer dependents. Downtown residents are also more likely to have completed college with 60 percent holding a bachelor's degree or higher compared to 38 percent elsewhere in the city.

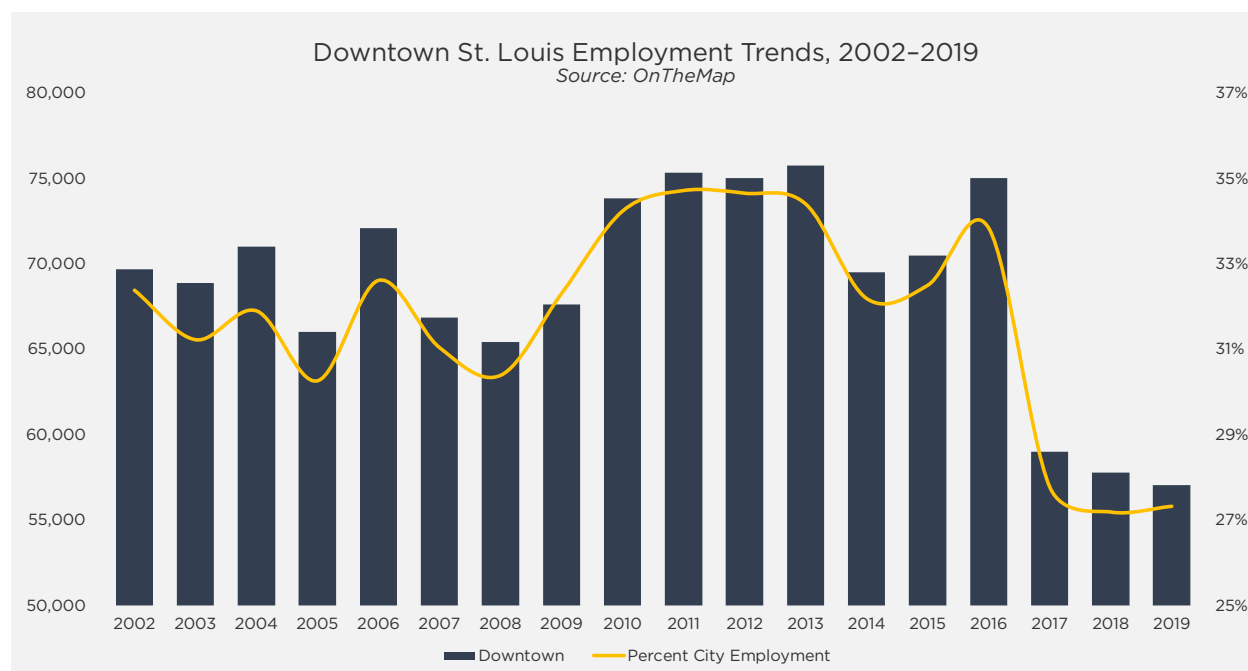


⁵ Esri

ECONOMIC OVERVIEW

EMPLOYMENT TRENDS

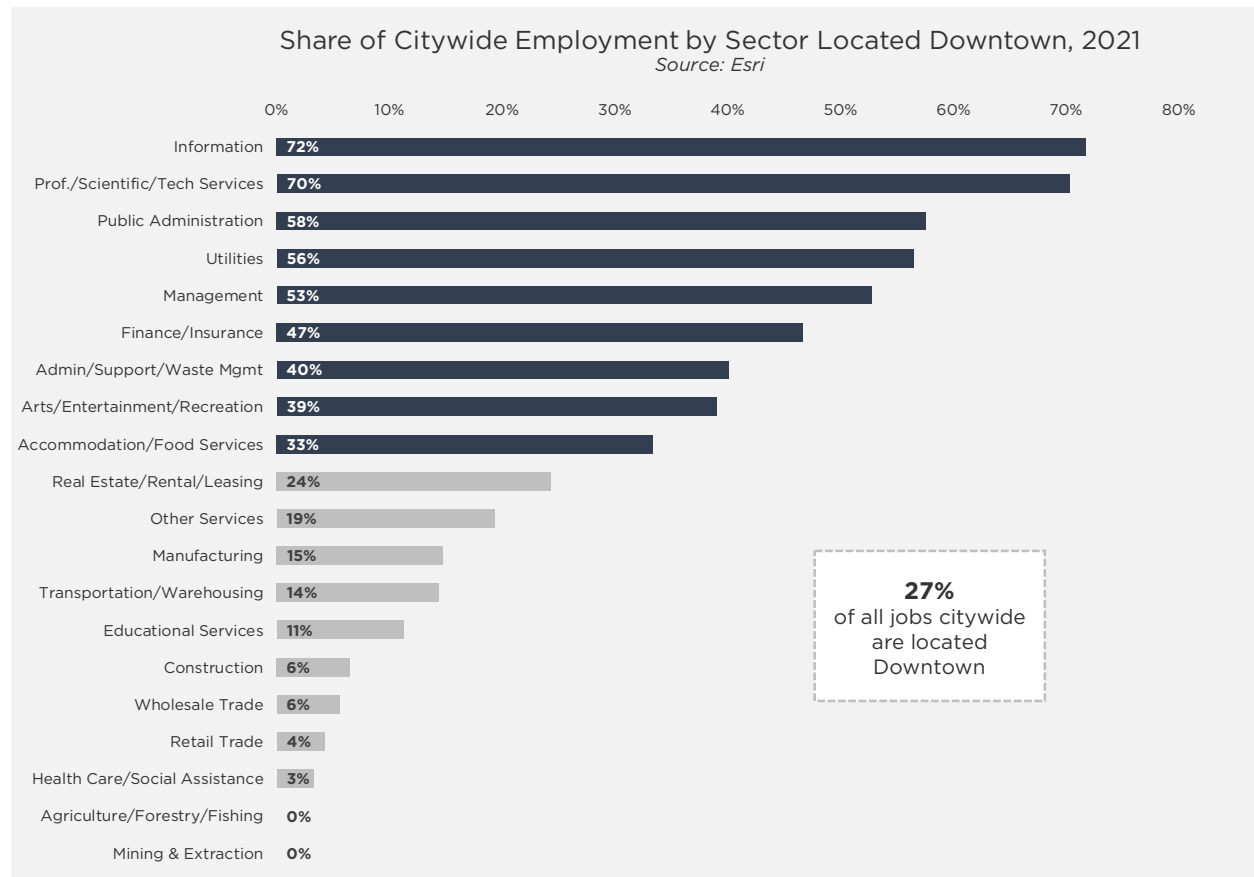
Based on data from OnTheMap, there were just over 57,000 jobs located Downtown in 2019 (the latest available data), representing 27 percent of total citywide employment.⁶ Since 2010, Downtown lost approximately 18,000 jobs, or 24 percent, after a considerable drop after 2016. Though employment data is not available for demonstrating impacts from COVID-19, vacancy data indicates that there have not been significant permanent job losses since 2019, although continued downsizes or reconfigurations of leased space by major anchor tenants should be expected moving forward.



⁶ OnTheMap data does not include self-employed workers or uniformed military personnel, although these workers represent a very small share of employment overall. Additionally, OnTheMap data represents place of work, not necessarily where the work is performed. For example, if a construction company has a home office outside of Downtown, these workers would not be included in the total even if they are working on a Downtown project.

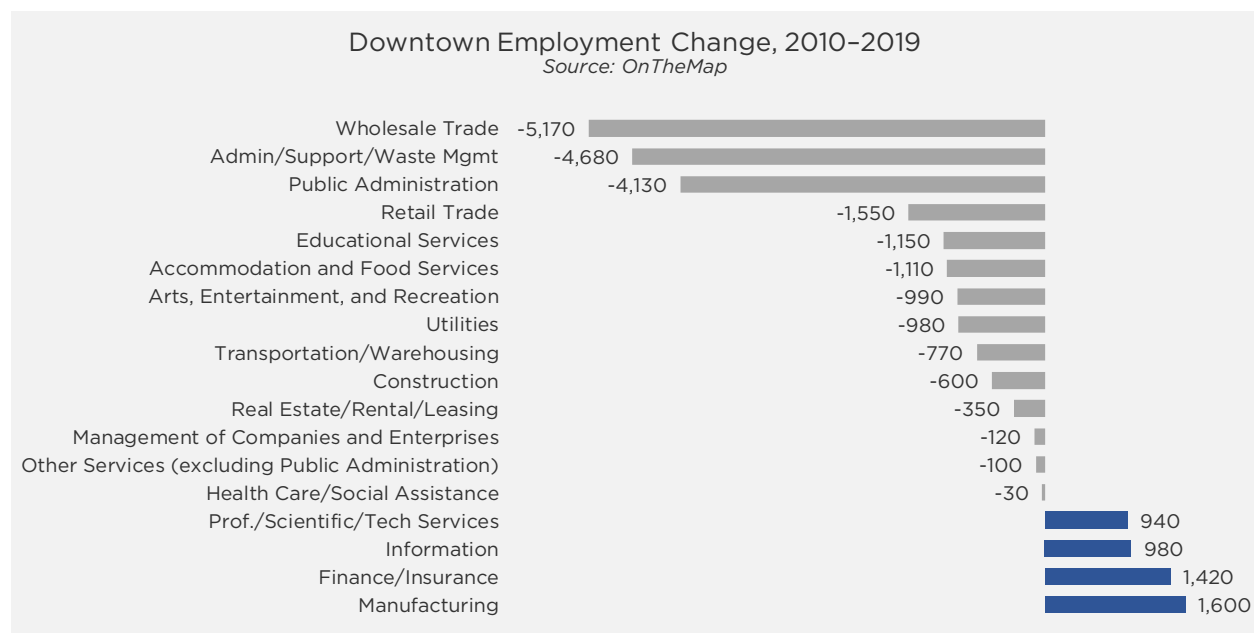
EMPLOYMENT BY SECTOR

The graph below shows the proportion of workers by industry sectors as a percent of total citywide employment. While 27 percent of the city's jobs are located in Downtown, the proportion of jobs by economic sector highlights the relative positioning of Downtown, especially as it pertains to knowledge-based sectors and its concentration of higher-paying jobs. For example, more than two-thirds of the city's jobs in the Information and Professional, Scientific, and Technical sectors are located Downtown. Other key sectors with concentrations above the citywide average include Public Administration; Utilities; Management; Finance and Insurance; Administrative and Support and Waste Management and Remediation Services; Arts, Entertainment, and Recreation; and Accommodation and Food Services.



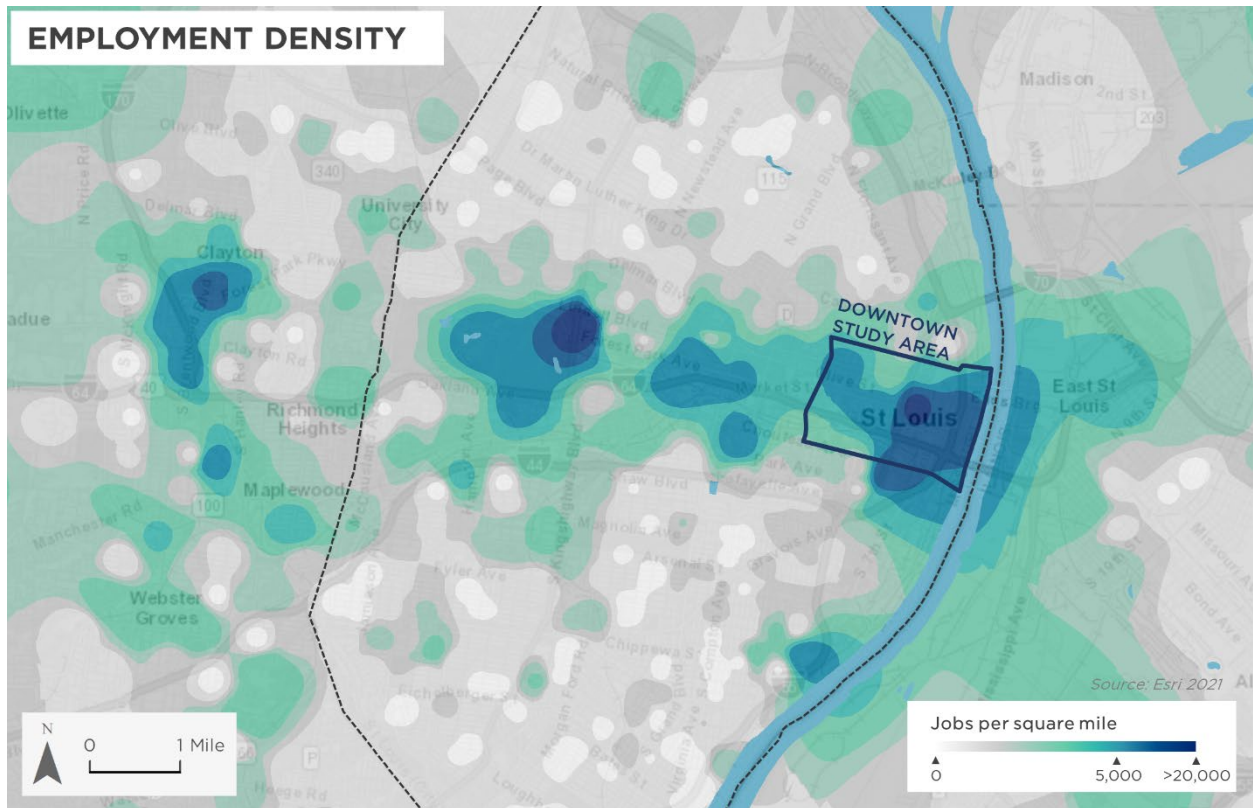
EMPLOYMENT TRENDS BY SECTOR

As presented in the following chart, since 2010 Downtown lost more than 5,000 jobs in the Wholesale Trade sector along with significant losses in Administrative and Support and Waste Management and Remediation Services (-4,680) and Public Administration (-4,130). The loss of wholesale trade jobs can be attributed to the redevelopment of obsolete industrial space and the shift of the logistics and warehousing industry to lower-density areas with better arterial road network access. The decline of administrative support jobs can, in part, be attributed to automation and national shifts in office sector employment. Conversely, key knowledge-based Downtown-centric sectors experienced considerable net job growth, including Finance and Insurance (+1,420), Information (+980), and Professional, Scientific, and Technical Services (+940) highlighting Downtown's positioning as a hub for growing knowledge-based sectors. The manufacturing sector also experienced strong net job growth by leveraging the relatively large stock of industrial buildings Downtown.



EMPLOYMENT DENSITY

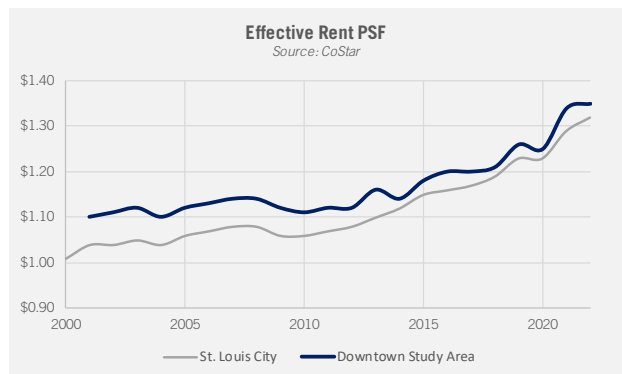
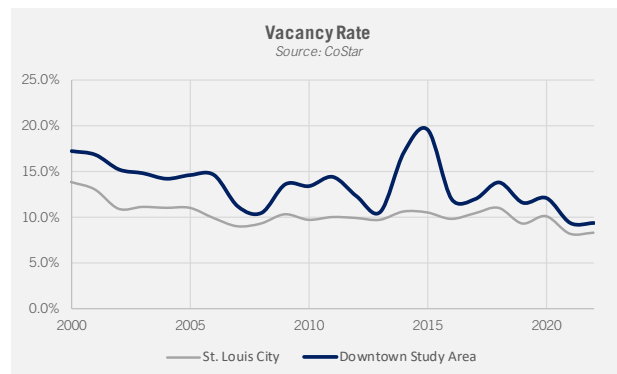
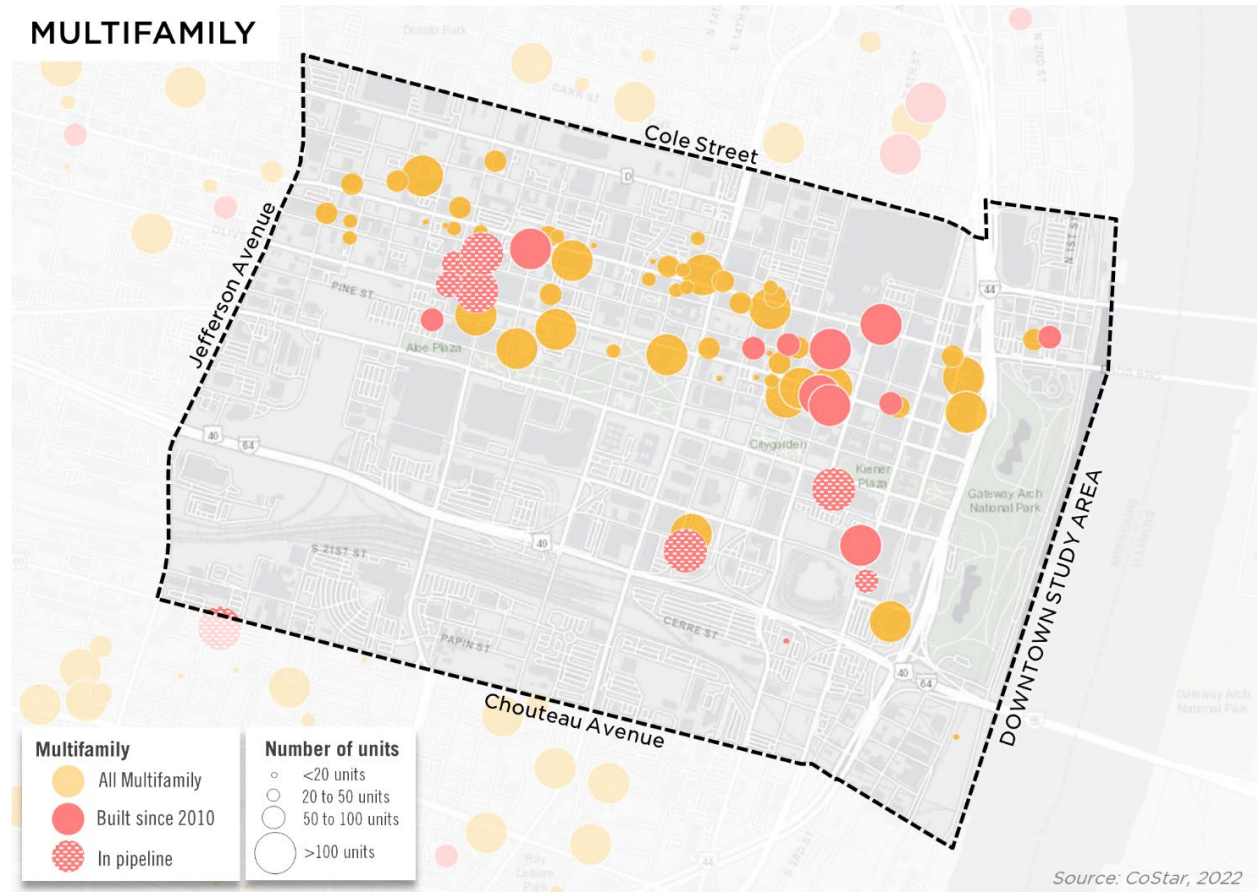
Downtown St. Louis has the highest concentration of employment (employment density) in the region. The Central West End has the second highest employment density given the presence of the Washington University Medical Campus; however, Downtown has a slightly higher density with just under 24,000 jobs per square mile compared to 21,500 jobs per square mile in the Central West End.



REAL ESTATE OVERVIEW

MULTIFAMILY

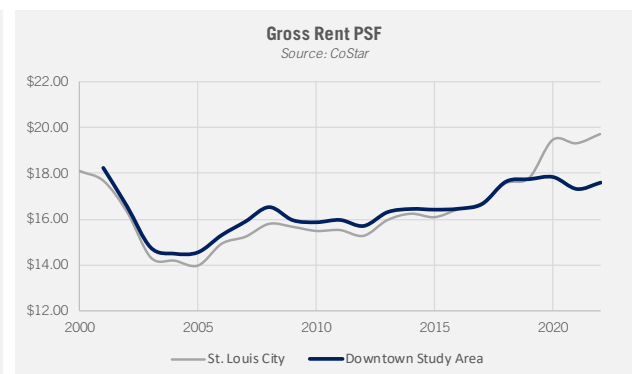
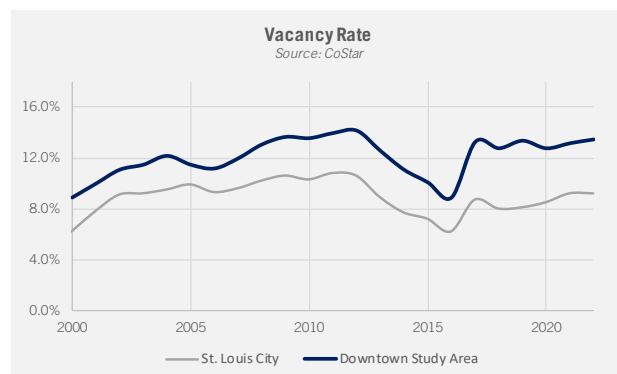
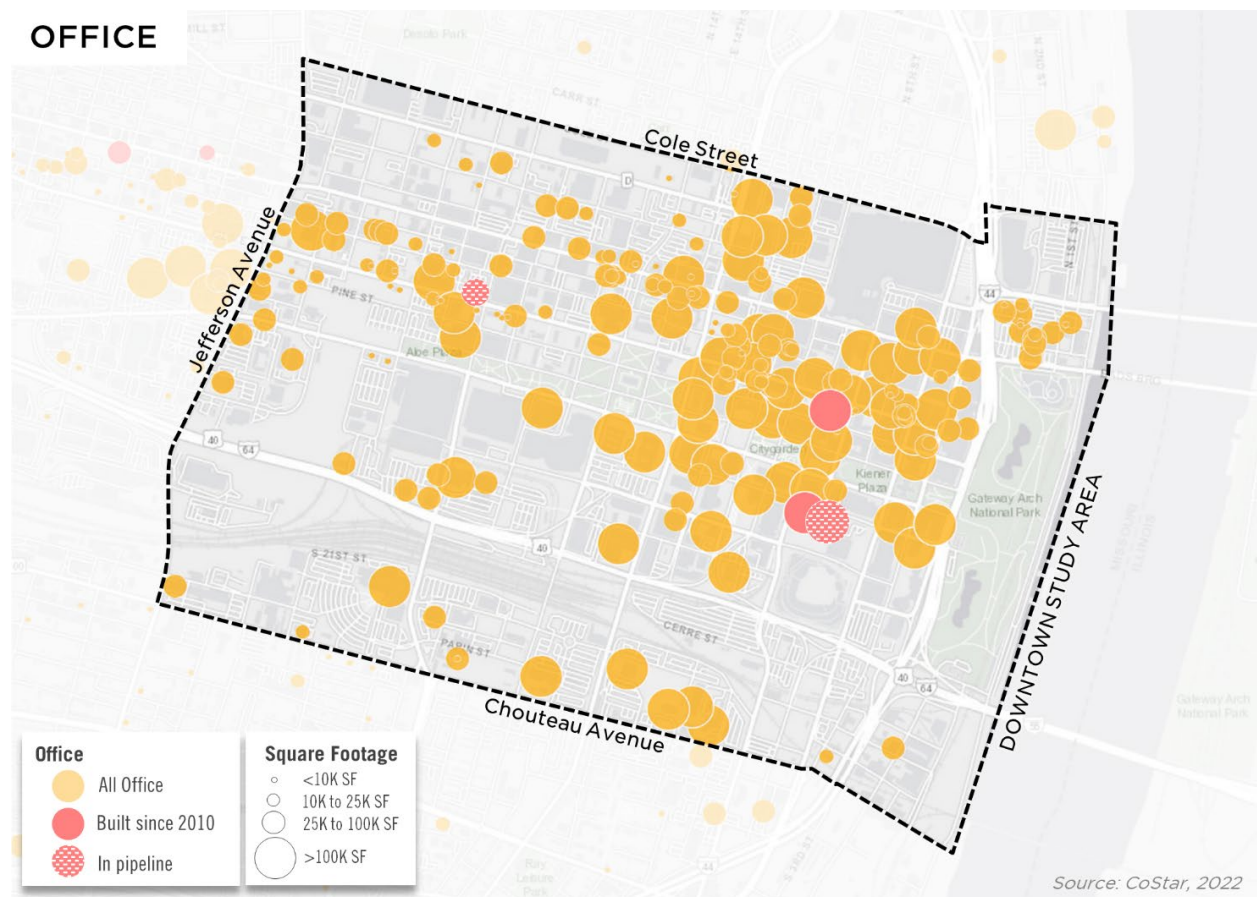
According to CoStar, there were just over 7,000 multifamily units Downtown in April 2022, of which nearly 1,700 were built since 2010 for an increase of 24 percent. The vacancy rate in Downtown (9.4 percent) is generally consistent with the citywide vacancy rate and has been relatively stable since 2021. Historically, average effective rents have been slightly above average effective rents citywide, although rent growth Downtown has been flat over the last year, while average rents citywide have increased.



OFFICE

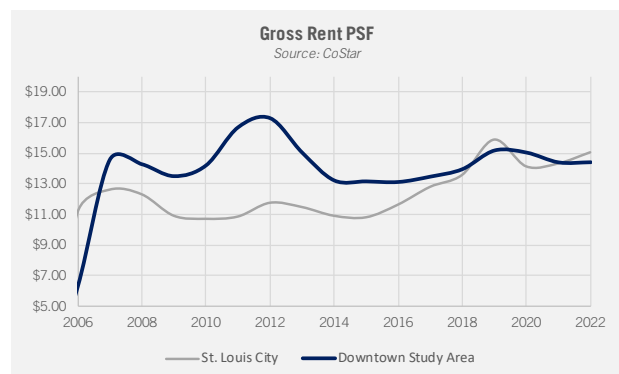
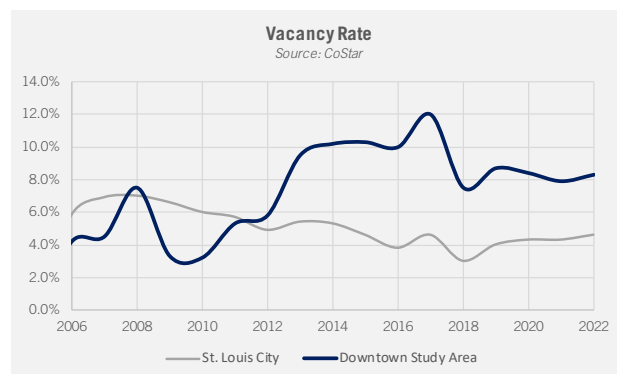
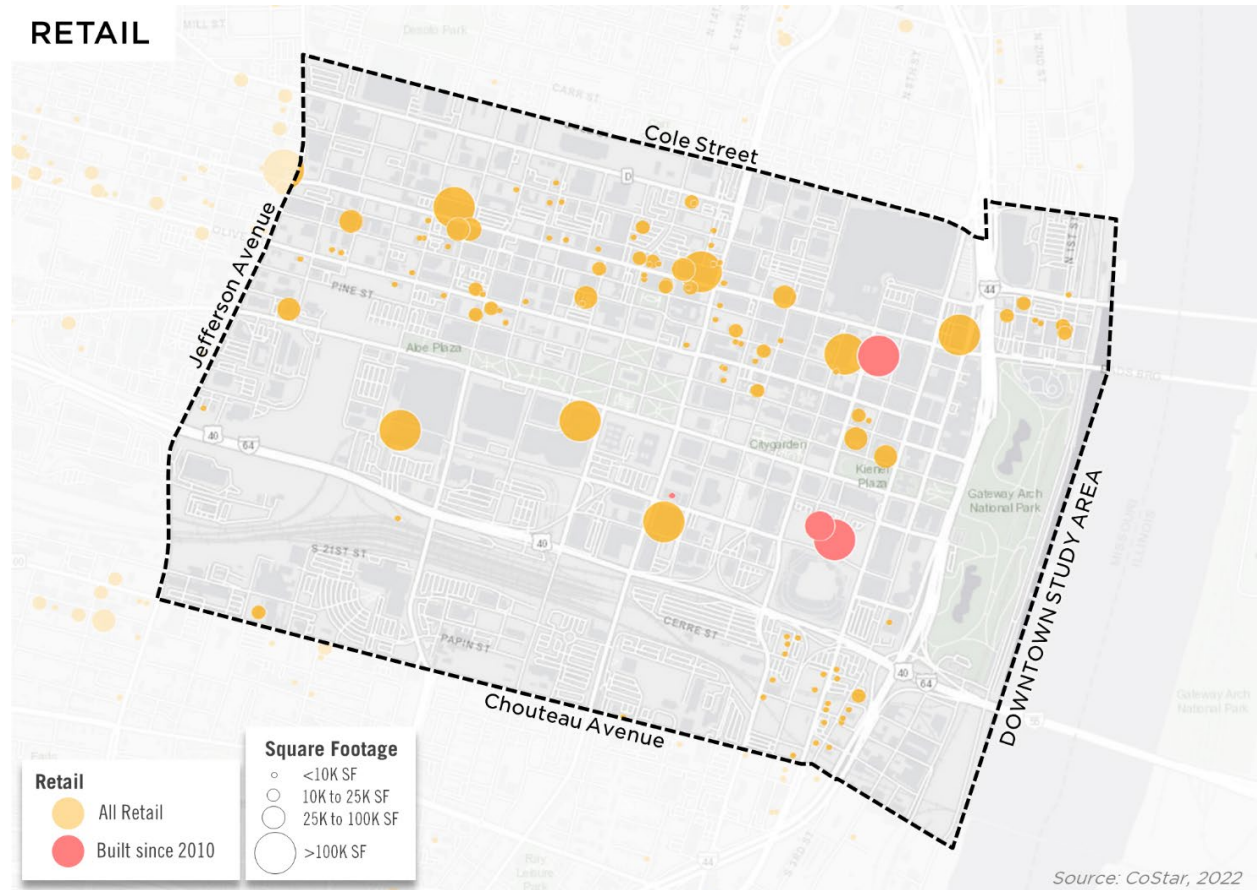
There is a total of 28.1 million square feet of office space with only 690,000 square feet delivered since 2010, for an increase of two percent. The vacancy rate averaged about 14 percent for the last several years with around 3.9 million square feet of vacant space, higher than citywide vacancy rate of nine percent. However, the majority of vacant space Downtown is contained within two buildings, which provide potential catalytic redevelopment opportunities: 909 Chestnut Street (former AT&T Building), with 1.4 million square feet, and Railway Exchange Building, with 1.2 million square feet.

While average gross rents Downtown have historically followed citywide trends, the average rent Downtown is now lower than the citywide average, which could be attributed, in part, to the COVID-19 pandemic and the need for property owners to offer discounted rents to maintain occupancy. The most recent office development activity has been in Ballpark Village with 6 Cardinal Way completed in 2019 with additional office space in the pipeline.



RETAIL

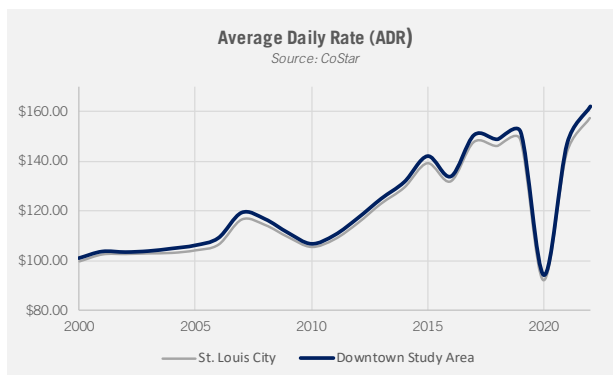
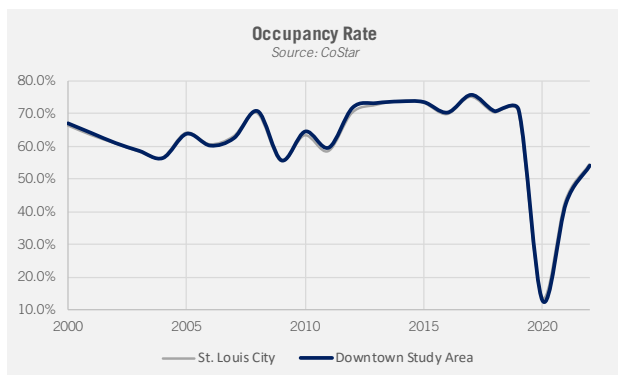
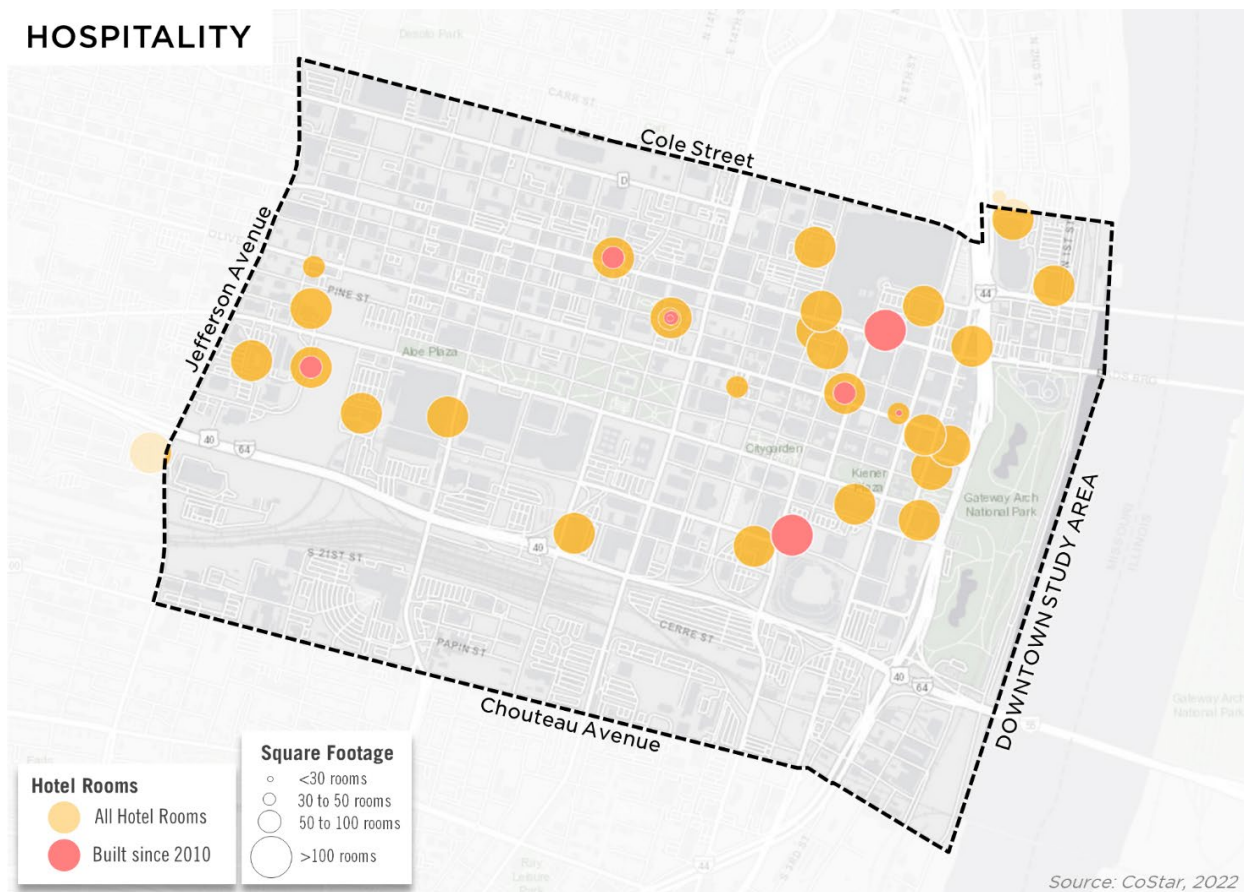
Downtown has just under 3.3 million square feet of retail space with just under 380,000 square feet delivered since 2010, most of which is contained within Ballpark Village and Mercantile Exchange. The average vacancy rate (8.3 percent) is higher than the city average (4.6 percent), although there was minimal impact due to the pandemic. In the early 2010s, average retail rents Downtown were well above average rents citywide, although rent growth has been flat since 2014 and rents are now generally consistent with average rents citywide.



HOSPITALITY

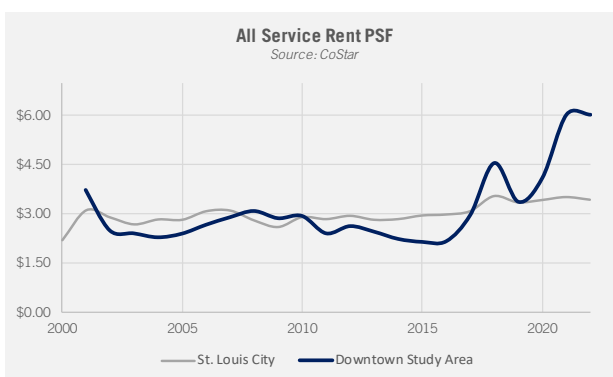
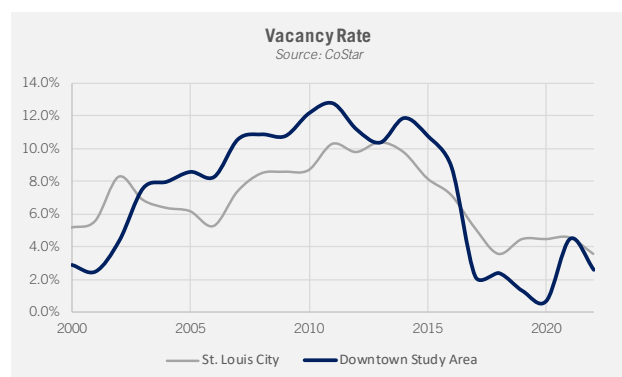
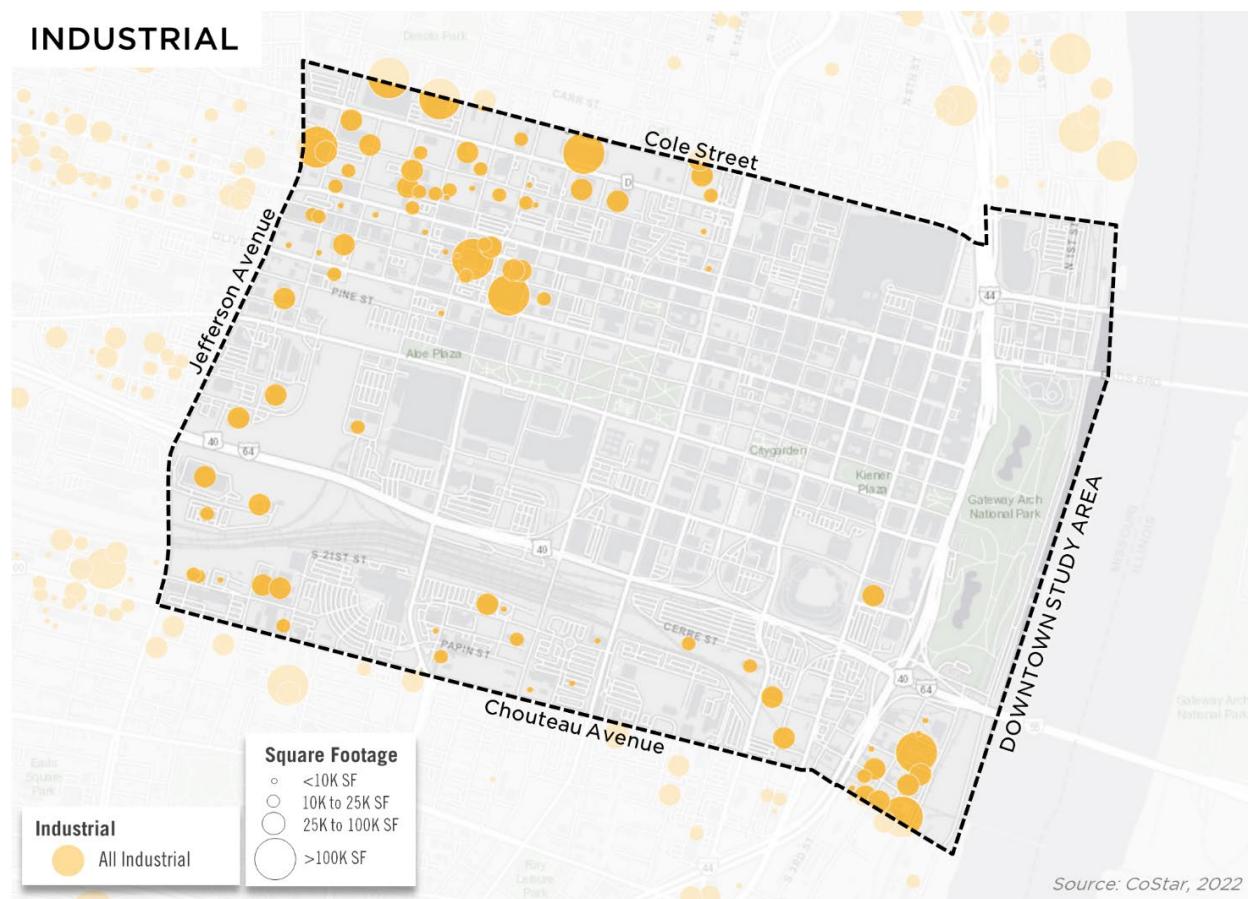
Downtown has more than 7,500 hotel rooms representing 78 percent of the hotel supply citywide. Since 2010, 572 hotel rooms have been delivered in the market for an increase of approximately eight percent. Both average 12-month occupancy and Average Daily Rates (ADR) for Downtown hotels are consistent with citywide averages (although Downtown drives the hotel market given its large supply). Both occupancy and ADR were significantly impacted by the pandemic. As of June 2022, occupancy has rebounded but is still below pre-pandemic levels, although ADR has fully recovered.

HOSPITALITY



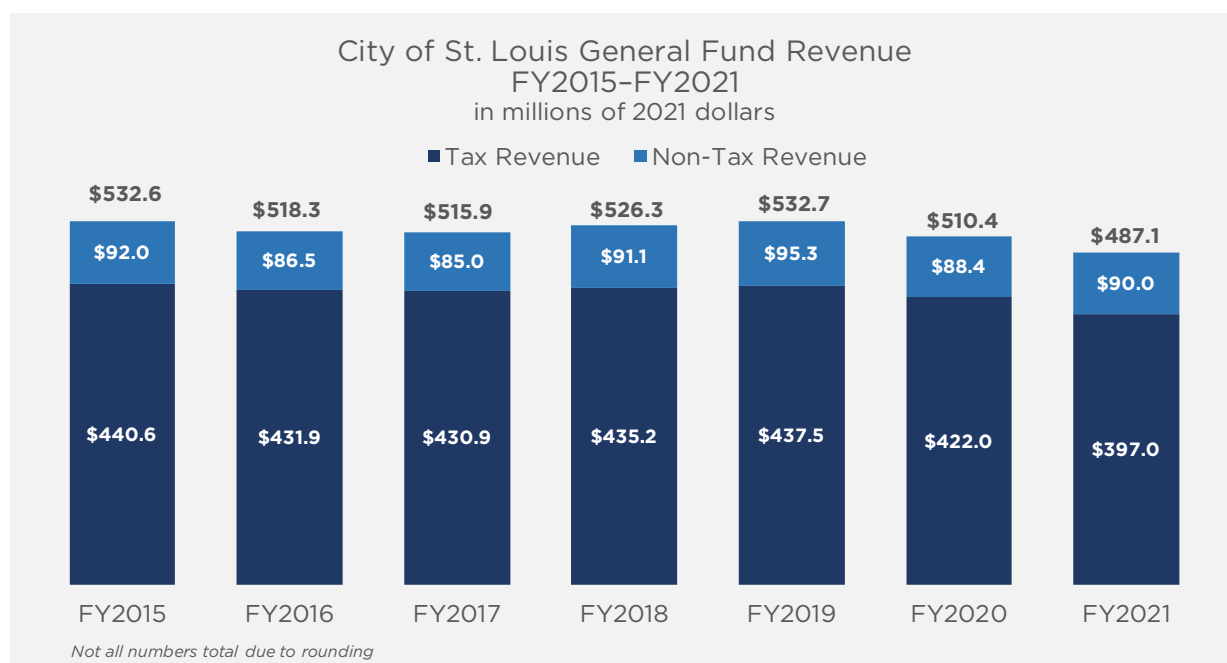
INDUSTRIAL

While there has been no new industrial development activity Downtown since 2010, it still maintains a supply of 4.4 million square feet (more than the retail supply). Note that the total industrial real estate supply and map below represents CoStar's classification of buildings with an "industrial property type," but do not necessarily include an industrial use—a portion of these buildings contain a mix of uses, including office, retail, or recreational space. Vacancy rates remain low (although this does not include space in vacant or obsolete properties) and average rents are higher than the citywide average.



GENERAL FUND REVENUE ANALYSIS

There are eight “tax categories” in the General Fund of the City of St. Louis as published in its Comprehensive Annual Financial Reports (CAFR) as well as six non-tax revenue categories. Overall revenues and expenditures have generally remained consistent over the last decade despite declining population; however, there was a decline in revenue and expenditures as result of the COVID-19 pandemic and subsequent economic shutdowns indicating that they were not “typical” years. Therefore, the following analysis focuses primarily on the average annual fiscal impacts of Downtown from FY2015 to FY2019, in constant 2021 dollars. On average, the city generated just under \$525.2 million in General Fund revenues annually, of which, 82.9 percent was generated from tax revenues. The following analysis describes each of these revenue sources and the methodology to estimate how much revenue was generated within and from Downtown St. Louis. While much of the socio-economic and real estate data used for this analysis reflects conditions in 2019 (as opposed to a five-year average), given the little variation in annual citywide revenues and expenditures prior to FY2020, the slight variations in time periods will not have material impacts on the end results.



Average Annual General Fund Revenues, FY2015–FY2019

City of St. Louis, in 2021 dollars

Tax Revenue	1. Property	2. Earnings	3. Payroll	4. Sales	5. Gross Receipts	6. Franchise Utility	7. Motor Vehicle	8. Other
\$435,192,101	\$67,269,934	\$193,307,455	\$43,196,294	\$60,678,805	\$7,829,089	\$58,303,474	\$3,658,931	\$948,120
Non-Tax Revenue	1. Licenses and Permits	2. Intergovern.	3. Charges for Services	4. Court Fines	5. Interest	6. Miscellaneous		
\$89,974,904	\$22,944,513	\$19,887,280	\$40,221,138	\$3,300,465	\$5,508	\$3,616,000		
Total General Fund Revenue								
\$525,167,005								

Source: City of St. Louis CAFR, FY2015–FY2019

1. PROPERTY TAX

There are two types of property taxes: real estate and personal. Real estate taxes are levied on non-exempt land and improvements (e.g., structures and other facilities). Exempt property owners include, for example, government and churches, as well as not-for-profit real estate owners. Private, for-profit real estate owners are subject to the real estate property tax even if their tenants might include non-profits. Personal property taxes are levied primarily against automotive and related vehicles of both businesses and residents, and also include equipment used in the operations of businesses—machinery, furniture, and the like.

All property taxes in Missouri are based on the market value of the property as determined by the property tax assessor's office. Property tax rates are applied to the "assessed valuation" of the property, which is a percentage of the market value. For residential property, the assessed valuation is calculated as 19 percent of market value. For commercial property, it is 32 percent of market value. For personal property, both residential and business, the assessment rate is 33 percent of market value.

Downtown Real Estate Assessment Distribution

Parcels Downtown and citywide have three general classifications: 1) tax-exempt (not subject to taxation) such as churches and government properties, 2) residential parcels (single-family homes and multifamily properties), and 3) non-residential parcels (offices, retail, industrial, etc.).

Downtown has a total of 1,397 parcels and a total land area of 1,015 acres, which represents around 3.3 percent of total parcel area citywide (30,711 acres).⁷ Given the amount of parks and public space, including the Arch Grounds, the Gateway Mall, and Kiener Plaza, as well as government and other civic structures, 37 percent of the parcels and 42 percent of parcel area is non-exempt; however, this is relatively consistent with the citywide average of 38 percent of citywide parcel area as non-exempt (large parks like Forest Park contribute to this). Of taxable parcels, around 92 percent of Downtown's total acreage is non-residential compared to only 37 percent citywide, which is typical of a downtown, but also representative of the importance of Downtown as an employment, cultural, recreational, and civic hub.

Parcel Distribution by Property Classification, 2020						
Classification	Downtown		Rest of City		City of St. Louis Total	
	Total	Share	Total	Share	Total	Share
Residential Parcels	87	6.2%	98,999	78.6%	99,086	77.8%
Acreage	48	4.8%	11,885	40.0%	11,934	38.9%
Non-Residential Parcels	800	57.3%	9,469	7.5%	10,269	8.1%
Acreage	545	53.7%	6,543	22.0%	7,089	23.1%
Tax-Exempt Parcels	510	36.5%	17,522	13.9%	18,032	14.2%
Acreage	421	41.5%	11,268	37.9%	11,689	38.1%
TOTAL PARCELS	1,397	1.1%	125,990	98.9%	127,387	100.0%
Acreage ¹	1,015	3.3%	29,696	96.7%	30,711	100.0%
¹ Acreage does not total due to rounding						
Source: City of St. Louis Assessor's Office						

⁷ The City of St. Louis contains a total of approximately 42,200 acres when including roadways and non-parcel areas.

Based on data from the City of St. Louis Assessor's Office, the total assessed value of taxable parcels Downtown is just under \$492.2 million, representing 13.1 percent of total assessments for taxable parcels citywide. This is significant considering Downtown only contains 3.5 percent of the city's land area. The total assessed value per acre for taxable parcels is around \$829,000, more than four times greater than the total assessed value per acre in the other parts of the city (\$178,000 per acre).

Total Assessed Value for Non-Exempt Properties by Classification, 2020						
Classification	Downtown		Rest of City		City of St. Louis Total	
	Total	Share	Total	Share	Total	Share
Residential Parcels	\$ 46,484,000	9.4%	\$ 2,166,606,000	66.2%	\$ 2,213,090,000	58.8%
Non-Residential Parcels	\$ 445,666,000	90.6%	\$ 1,105,625,000	33.8%	\$ 1,551,290,000	41.2%
Total	\$ 492,150,000		\$ 3,272,231,000		\$ 3,764,380,000	
Assessment Share of City	13.1%		86.9%		100.0%	
Assessed Value Per Acre	\$829,000		\$178,000		\$198,000	
Source: City of St. Louis Assessor's Office						

Estimated Downtown Property Tax

Tax rates are typically expressed as dollars per \$100 of assessed valuation. In effect, tax rates are a percentage of the assessed valuations. For example, property assessed at \$1,000 using a tax rate of \$8.00 per \$100 assessed valuation would be liable for taxes of \$80.00, which is 8.0 percent of \$1,000.

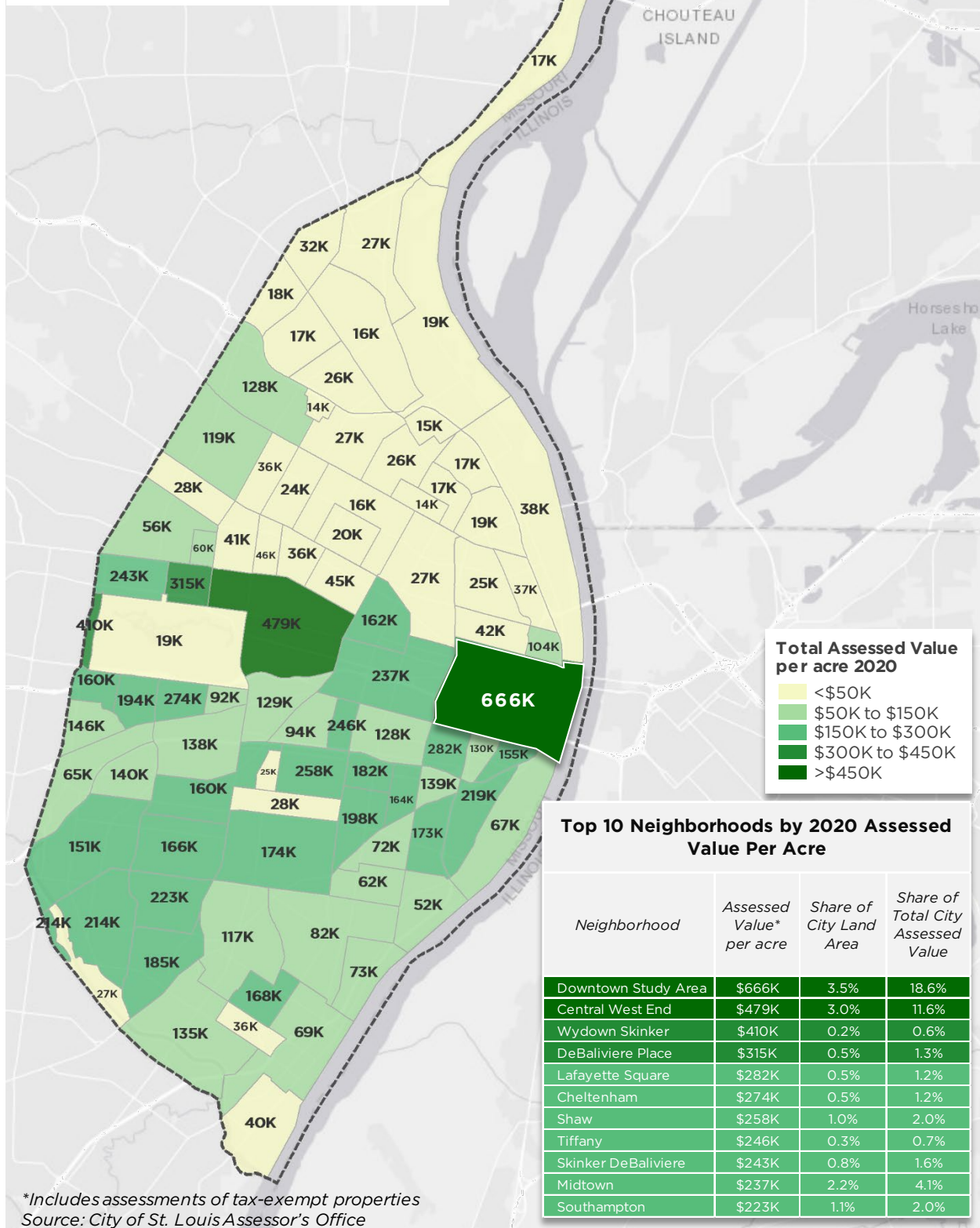
The property taxes shown earlier reflect only those taxes that accrue to the General Fund. In FY2019, that total tax rate averaged \$1.58 per \$100 assessed valuation (or AV). The total tax rate for residents and businesses in the City of St. Louis, however, was \$8.16 per \$100 AV. Most of that tax rate (61 percent) applied to the St. Louis Public Schools (\$4.99) while other jurisdictions also received funding through the property tax, such as the Zoo-Museum District, the Junior College District, and debt service funds in the city, among others. The City of St. Louis received an annual average of \$67.3 million in property taxes from FY2015 to FY2019, of which \$8.8 million (13.1 percent) was generated Downtown.

The real estate property tax estimate for Downtown is based on the total assessed valuation of taxable Downtown real estate as of 2020, the latest downloadable parcel data from the St. Louis Assessor's Office. The total assessed valuation of taxable parcels was \$492.2 million, which was a mix of both residential and commercial assessed valuations—the breakdown of which was not estimated. This was 13.1 percent of all non-tax-exempt real estate property tax assessments in the city. This assumes an even distribution of personal and property tax. A more accurate determination of personal property assessments in Downtown would require greater knowledge of the value of business equipment and private vehicles, etc., data which is not publicly available on a geographic basis.

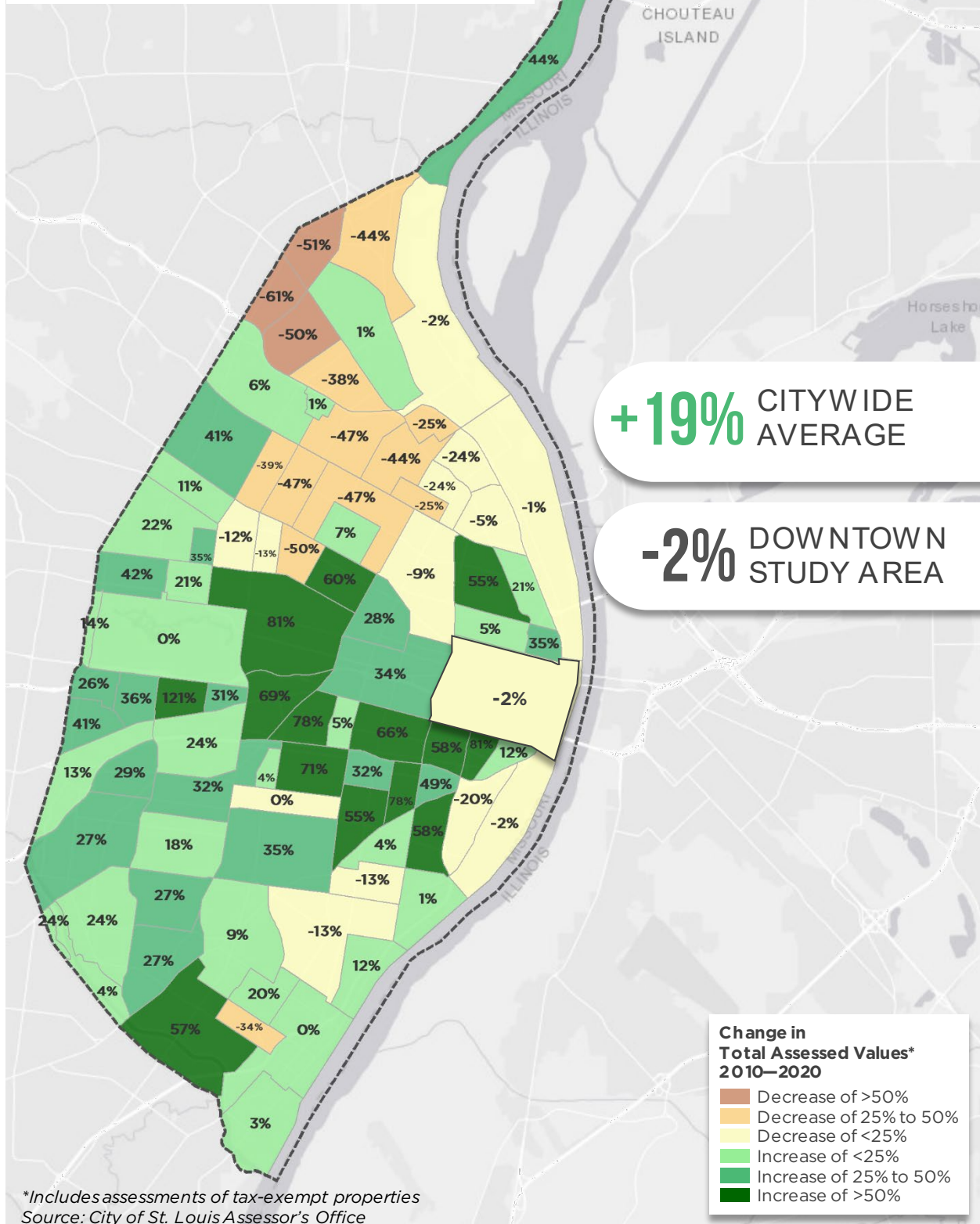
Mapping Assessed Values

One of the challenges in analyzing assessed values in a way that is consistent and clear is how to best present taxable and non-taxable properties. For instance, Downtown has a significant number of government and institutionally-owned properties that do not contribute property tax, but are nevertheless assessed. So while the average taxable assessed value downtown is about \$829,000 per acre, the total assessed value (i.e., both taxable and non-taxable) is about \$666,000 per acre. The data analyzed above is for taxable properties, whereas the following maps, which show the relationship of assessed values for neighborhoods citywide, utilize data for taxable and non-taxable properties combined. While this may cause some confusion, the important takeaway in either instance is that Downtown is the biggest contributor of property taxes to the city, but it is not increasing its contribution relative to other neighborhoods.

TOTAL ASSESSED VALUE PER ACRE BY NEIGHBORHOOD 2020



PERCENT CHANGE IN ASSESSED VALUE BY NEIGHBORHOOD 2010—2020

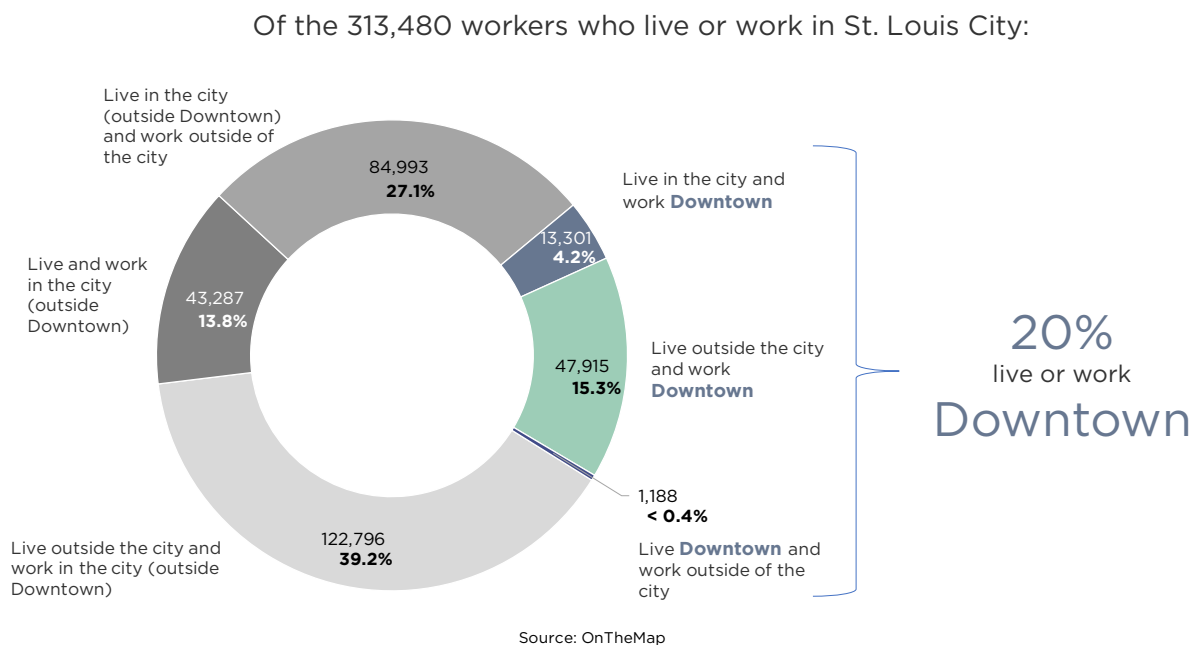


2. EARNINGS TAX

Earnings taxes are generated from three basic sources:

- From **individuals employed in the City of St. Louis**, regardless of their place of residence and regardless of the tax-exempt status of the employer.⁸ These individuals pay a flat rate of one percent of earnings from their employment to the city's General Fund.
- From **residents of the City of St. Louis who are employed outside the city**. Likewise, these individuals pay a flat rate of one percent of earnings from their employment. Residents of the city who are also employed in the city, however, are not double-taxed.
- From **taxable businesses in the city** (corporate earnings). These businesses pay earnings taxes based on a flat one percent of their taxable profits, just as they pay state and federal income taxes.

Based on 2019 data from OnTheMap, the graphic below shows the distribution by percentage of all employees working or living within the City of St. Louis. Employees and residents of Downtown are separated from employees and residents of other parts of the city. In total, there were 313,480 workers living in St. Louis or commuting to St. Louis subject to the earnings tax and 20 percent could be attributed to Downtown as presented in the map below.⁹



⁸ While the employer may be tax exempt, the employee is not. This is a principle also followed by state and federal income tax laws. All workers are subject to income taxes whether their employers are or are not.

⁹ OnTheMap does not account for Downtown residents who work elsewhere in St. Louis City. While this is a very small share of the city's workers, to avoid double counting, these workers are excluded from the 20 percent. Therefore, the total share of residents and workers attributable to Downtown's fiscal impacts are slightly understated.

From FY2015 to FY2019, the city's General Fund collected an annual average of \$193.3 million in earnings taxes, or 44.4 percent of all General Fund taxes and 36.8 percent of the entire General Fund. Using employment data from the U.S. Census Bureau and Esri on the distribution of jobs in the city and commuting patterns:¹⁰

Of the annual average of \$193.3 million in earnings taxes:

- **Corporate Earnings:** Based on the distribution of individual to business earnings taxes from FY2015 to FY2019, 21 percent of total earnings taxes were corporate taxes, or \$40.6 million. Based on the statewide share of private sector to non-profit sector jobs by sector and distribution of employment by sector Downtown, it is estimated that 34.4 percent of private sector jobs citywide are located Downtown, which we have used as a proxy for share of corporate earnings Downtown (or \$14.0 million).
- **St. Louis Residents Employed Outside the City:** Of the remaining \$152.7 million in citywide earnings tax generated from individuals, an estimated \$53.0 million is generated by employed St. Louis residents working outside of the city. Based on data from OnTheMap, of the total 313,480 workers that live and/or work in St. Louis, 27.4 percent live in St. Louis and work outside of the city. Of these workers, 2.4 percent live Downtown but work outside of the city generating \$1.3 million.
- **St. Louis Workers Employed in the City:** Based on the distribution of employment by sector Downtown and citywide and average wages by sector, it is estimated that 31.5 percent of citywide wages are earned by Downtown workers, or \$31.4 million.

Therefore, Downtown is estimated to have contributed around \$46.7 million in earnings taxes annually to the General Fund, or 24.1 percent of the city's earnings tax collections.

¹⁰ These are Development Strategies' estimates based on independent economic and demographic data sources. This breakdown of earnings taxes was not obtained from city government.

3. PAYROLL TAX

In addition to the earnings taxes that taxable employers in the city must pay on their own taxable profits, or corporate earnings, they must pay another 0.5 percent in payroll taxes based on the earnings of their employees. Based on employment by sector, average wage data, and average distribution of for-profit and non-profit employment by sector, this study estimates that the ratio of wages at taxable vs. tax-exempt employers in the City of St. Louis is about 74 percent. Approximately 34.4 percent of private sector wages are generated Downtown, resulting in \$14.9 million in tax revenue.

Total Estimated Wages and Private Sector Wages Downtown and Citywide								
Sector	Total Downtown Employment ¹	Total St. Louis City Employment ¹	Average Wages by Sector ²	Total Estimated Wages Downtown, in millions	Total Estimated Wages Citywide, in millions	For-Profit Wage Distribution ³	Estimated Private Sector Wages Downtown, in millions	Estimated Private Sector Wages Citywide, in millions
Agriculture, Forestry, Fishing & Hunting	-	330	\$35,856	\$0.0	\$11.8	100%	\$0.0	\$11.8
Mining	-	-	\$65,760	\$0.0	\$0.0	100%	\$0.0	\$0.0
Utilities	1,073	1,900	\$94,224	\$101.1	\$179.0	100%	\$101.1	\$179.0
Construction	475	7,351	\$59,712	\$28.4	\$438.9	100%	\$28.4	\$438.9
Manufacturing	2,515	17,077	\$75,024	\$188.7	\$1,281.2	100%	\$188.7	\$1,281.2
Wholesale Trade	469	8,442	\$68,640	\$32.2	\$579.5	100%	\$32.2	\$579.5
Retail Trade	336	7,904	\$29,328	\$9.9	\$231.8	100%	\$9.9	\$231.8
Transportation & Warehousing	1,057	7,328	\$45,168	\$47.7	\$331.0	99%	\$47.2	\$327.2
Information	4,103	5,719	\$83,232	\$341.5	\$476.0	99%	\$337.8	\$470.9
Finance & Insurance	7,254	15,542	\$95,712	\$694.3	\$1,487.6	99%	\$690.6	\$1,479.7
Real Estate, Rental & Leasing	511	2,104	\$44,256	\$22.6	\$93.1	97%	\$21.9	\$90.1
Professional, Scientific & Tech Services	12,680	18,035	\$91,056	\$1,154.6	\$1,642.2	98%	\$1,127.9	\$1,604.2
Management of Companies & Enterprises	4,799	9,103	\$99,072	\$475.4	\$901.9	86%	\$409.2	\$776.2
Administrative & Support & Waste Mgmt	5,241	13,070	\$33,840	\$177.4	\$442.3	99%	\$176.2	\$439.5
Educational Services	1,337	11,888	\$68,544	\$91.6	\$814.9	22%	\$20.0	\$178.2
Health Care & Social Assistance	1,508	45,706	\$52,992	\$79.9	\$2,422.1	52%	\$41.7	\$1,265.3
Arts, Entertainment & Recreation	2,182	5,594	\$80,064	\$174.7	\$447.9	85%	\$149.3	\$382.6
Accommodation & Food Services	5,851	17,520	\$22,272	\$130.3	\$390.2	100%	\$129.8	\$388.8
Other Services	1,279	6,617	\$40,272	\$51.5	\$266.5	84%	\$43.3	\$224.2
Public Administration	4,375	7,603	\$57,520	\$251.7	\$437.3	0%	\$0.0	\$0.0
Total	57,045	208,833		\$4,053	\$12,863		\$3,555	\$10,337
Downtown Share	27.3%			31.5%			34.4%	

¹ OnTheMap

² MERIC; wages reflect St. Louis MSA, 2021

³ BLS; distribution of profit and non-profit establishments for Missouri

4. SALES TAX

Sales taxes are based on retail, restaurant, and hotel sales and room rentals. The effective sales tax rate in the City of St. Louis for the General Fund is 1.375 percent. The overall sales tax rate applicable in the city varies depending on the underlying special district. Portions of Downtown have an overall sales tax rate of 11.679 percent. The State of Missouri collects 4.225 percent of this amount. Hotel room sales include a Convention and Sports Tax of 3.5 percent and Convention and Tourism Tax of 2.375 percent, although these do not directly support the General Fund. Local sales tax rates apply to bonded indebtedness of city government, recreational facilities, police capital improvements, the public safety pension fund, Great Rivers Greenway, and Metro.

The city's General Fund of the city collected an annual average of \$60.7 million in sales taxes from FY2015 to FY2019. Using sales estimates of taxable retail sales from Esri and estimated total room sales from CoStar for the city, Downtown businesses captured 17.6 percent of all General Fund sales taxes, or \$10.7 million annually.

5. GROSS RECEIPTS TAX

The gross receipts tax, like the sales tax, is based on consumer spending, specifically spending within restaurants. The General Fund collected \$7.8 million in gross receipts taxes from FY2015 to FY2019. Though alcohol and some food sales are exempt from the gross receipts tax, the proportion of restaurant spending taking place Downtown provides a basis for estimating of the amount of gross receipt tax generated Downtown. Excluding drinking establishments from restaurant sales data obtained from Esri, the total amount spent at Downtown restaurants was \$137.2 million compared to \$608.4 million in the remainder of the city, or 22.6 percent Downtown. It is, therefore, assumed that 22.6 percent of the roughly \$7.8 million in gross receipts taxes in the General Fund, or \$1.77 million, were generated by Downtown establishments.

6. FRANCHISE UTILITY TAX

The franchise utility tax is charged against utility bills such as electricity, natural gas, and telephone service.¹¹ The General Fund collected \$58.3 million in franchise taxes in FY2015 to FY2019, or about 11.1 percent of all General Fund revenues. Because of the range of utility usage among the wide variety of residential and commercial users, it is very difficult to approximate franchise taxes for geographic areas smaller than the city itself. Thus, the estimate of franchise tax payments in Downtown and in the rest of the city is based, here, on real estate property assessed valuations. This is a proxy for the amount of floor area and value of real estate and, therefore, a proxy for the likely amount of utility usage taking place. Downtown encompasses 13.1 percent of the city's assessed valuation as of 2021, a relatively low share given increasing development activity in other parts of the city, especially in the Central West End, and relatively limited new private development in Downtown. Thus, franchise utility taxes generated Downtown are assumed to equal 13.1 percent of the total collected. Downtown, therefore, generates approximately \$7.6 million in annual franchise taxes.

¹¹ Tax rates vary between utilities and between commercial and residential users.

7. MOTOR VEHICLE TAX

The motor vehicle tax is a component of the retail sales tax, but the city does not collect motor vehicle taxes based on where automobiles are sold, as is the case for retail goods. Instead, the tax is paid by the motor vehicle purchaser when licensing the vehicle with the State of Missouri, and the tax is reimbursed to the city where the purchaser resides.¹² Thus, taxes paid by a resident of St. Louis City purchasing a car in St. Louis County would have those taxes sent by the state to the city. Likewise, a St. Louis County resident purchasing a car in the City of St. Louis would see the taxes paid to the county or the municipality in which the purchaser resides. There is no readily available way to estimate motor vehicle taxes by location; therefore, based on the latest ACS data, 5.7 percent of St. Louis households with at least one vehicle live Downtown; therefore, it is assumed that Downtown generates 5.7 percent of the annual General Fund collections of the motor vehicle tax. For FY2015 to FY2019, this amounted to just under \$209,000 of the citywide collection of less than \$3.7 million.

8. OTHER GENERAL FUND TAXES

The city's CAFR has a final tax category for the General Fund simply called "other." This category accounted for \$948,000 in average annual revenue. Because there is little basis for estimating which taxes comprise "other," this study assumes that Downtown's share of other taxes is based on the share of the sum of population and jobs located Downtown compared to the share of population and jobs located throughout the city.

The city had a population of around 309,000 and a job count (including those who live in the city) of 208,833 for a total of 517,833.¹³ Downtown had 10,000 residents and 57,045 jobs, for a sum of 67,045 or 12.9 percent of the city's total. It is assumed, therefore, that Downtown generated 12.9 percent of "other taxes" for the city's General Fund.

NON-TAX GENERAL FUND SOURCES

The city's CAFR also includes six non-tax sources of revenue which, together, generated just over 17.1 percent of General Fund revenue from FY2015 to FY2019, or almost \$90.0 million. These sources include licenses and permits, funds from other governments (e.g., state and federal grants), charges for services, court fines, interest earned, and a miscellaneous category. Because there is little basis for estimating how and where these revenues are generated, this study assumes that, like "other taxes," Downtown's share of non-tax revenues is based on the share of the sum of population and jobs located Downtown compared to the share of population and jobs located throughout the city. As noted above, Downtown has 12.9 percent of the combined population and job counts in the city, so it is assumed that Downtown also is responsible for an average of 12.9 percent of the non-tax revenues for the General Fund, or an average of \$11.6 million annually.

¹² This tax is not to be confused with annual licensing and permits required for motor vehicles, which is a different source of revenue. The motor vehicle tax is paid just once at the time of purchase, while licensing is an annual or bi-annual occurrence.

¹³ Population data as of 2021 from Esri and employment data as of 2019 from OnTheMap

SUMMARY: TAX REVENUE ANALYSIS

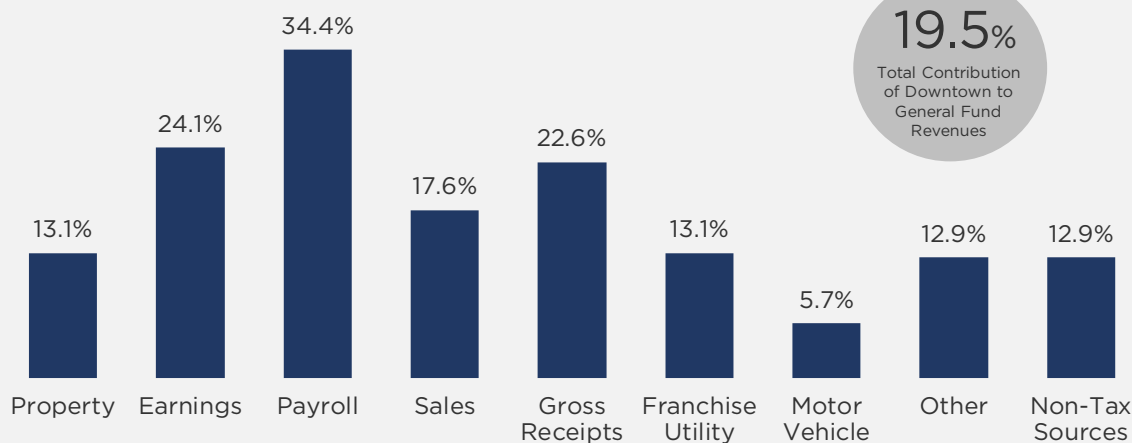
Downtown St. Louis is estimated to have contributed approximately \$102.3 million of the \$525.2 million in average annual General Fund revenues from FY2015 to FY2019. Downtown's share, therefore, was just under 19.5 percent of the General Fund with contributions ranging from a low of 5.7 percent from motor vehicle taxes to a high of 34.4 percent from payroll taxes. Downtown's single largest dollar contribution of \$46.7 million came from earnings taxes, or just under 24.1 percent of all earnings taxes. The smallest contribution came from other taxes of just over \$120,000.

Average Annual General Fund Revenues, FY2015–FY2019

City of St. Louis and Estimated Downtown Revenues, in 2021 dollars

General Fund Sources	Downtown	Rest of City	Total City	Share of Downtown Revenue	Notes
Tax Sources					
Property	\$ 8,792,180	\$ 58,477,754	\$ 67,269,934	13.1%	Share of total assessed values for taxable properties Downtown
Earnings	\$ 46,655,914	\$ 146,651,541	\$ 193,307,455	24.1%	Weighted average
Workers Employed in City	\$ 31,420,194	\$ 68,326,453	\$ 99,746,647	31.5%	31.5% of estimated wages by sector generated in the city
City Residents Empl. Outside City	\$ 1,271,190	\$ 51,695,053	\$ 52,966,243	2.4%	2.4% of employed city residents that work outside of St. Louis live Downtown
Corporate	\$ 13,964,531	\$ 26,630,035	\$ 40,594,566	34.4%	21.0% of earnings tax are corp. taxes; 34.4% of private sector wages citywide located Downtown
Payroll	\$ 14,859,525	\$ 28,336,769	\$ 43,196,294	34.4%	Ratio of estimated Downtown earnings to citywide earnings
Sales	\$ 10,679,470	\$ 49,999,335	\$ 60,678,805	17.6%	Share of estimated citywide retail and hotel sales Downtown
Gross Receipts	\$ 1,769,374	\$ 6,059,715	\$ 7,829,089	22.6%	Share of estimated citywide restaurant sales Downtown
Franchise Utility	\$ 7,620,264	\$ 50,683,210	\$ 58,303,474	13.1%	Share of assessed valuation as a proxy for floor area and utility usage
Motor Vehicle	\$ 208,559	\$ 3,450,371	\$ 3,658,931	5.7%	Share of Downtown households with at least one vehicle
Other	\$ 122,307	\$ 825,812	\$ 948,120	12.9%	Based on combined share of Downtown population and employment
Subtotal General Fund Taxes	\$ 90,707,594	\$344,484,507	\$435,192,101	20.8%	Total weighted share of Downtown's contribution to General Fund Taxes
Non-Tax Sources					
Licenses and Permits	\$ 2,959,842	\$ 19,984,670	\$ 22,944,513	12.9%	Based on combined share of Downtown population and employment
Intergovernmental	\$ 2,565,459	\$ 17,321,821	\$ 19,887,280	12.9%	
Charges for Services	\$ 5,188,527	\$ 35,032,611	\$ 40,221,138	12.9%	
Court Fines	\$ 425,760	\$ 2,874,705	\$ 3,300,465	12.9%	
Interest	\$ 711	\$ 4,798	\$ 5,508	12.9%	
Miscellaneous	\$ 466,464	\$ 3,149,536	\$ 3,616,000	12.9%	
Subtotal Non-Tax General Fund	\$ 11,606,763	\$ 78,368,142	\$ 89,974,904	12.9%	Total weighted share of Downtown's contribution to Non-Tax General Fund Revenues
TOTAL GENERAL FUND REVENUES	\$102,314,356	\$422,852,648	\$525,167,005	19.5%	Total weighted share of Downtown's contribution to General Fund Revenues

Downtown's Estimated Contribution of General Fund Revenue by Category Annual Average, FY2015–FY2019



GENERAL FUND EXPENDITURE ANALYSIS

OVERVIEW

The city's CAFR identifies nine major spending categories for General Fund resources, as shown in the table below. From FY2015 to FY2019, the city expended \$555.5 million for General Fund operations annually, in 2021 dollars, about \$30.4 million more than General Fund revenues. This section of the report describes the purposes of these expenditures and the methodology used in estimating how much Downtown directly benefited from those expenditures.

Average Annual General Fund Expenditures, FY2015–FY2019
City of St. Louis, in 2021 dollars

Total Expenditures	1. General Government	2. Convention & Tourism	3. Parks & Recreation	4. Judicial	5. Streets	6. Public Safety	7. Health & Wellness	8. Public Services	9. Debt Services
\$555,528,347	\$50,208,924	\$138,331	\$20,837,221	\$49,914,960	\$41,165,367	\$314,799,757	\$3,899,367	\$37,200,980	\$37,363,440

Source: City of St. Louis CAFR, FY2015–FY2019

1. GENERAL GOVERNMENT

General government expenditures cover a wide range of operations including support of the Board of Aldermen and the Mayor's office, the Recorder of Deeds, the City Treasurer's office, and City Planning and Urban Design, among many other functions. From FY2015 to FY2019, general government spending totaled just over \$50.2 million, or about 9.0 percent of the General Fund.

This report estimates that Downtown directly benefited from almost \$2.6 million, or 5.2 percent, of general government spending. This determination is based on Downtown's share of the city's resident population and adjusted share of Downtown workers (excluding those who are also residents). City government is presumed to serve all the residents all of the time in one manner or another. Residents benefit from city services 24 hours a day. On the other hand, people who are employed in the city but not residing in the city are presumed to benefit from city services only while they are working in the city. For this study, workers are estimated to spend an average of 50 hours per week in the city, or about 30 percent of the 168 hours in a seven-day calendar week.¹⁴

Given Downtown's share of the city's population (3.4 percent) and its share of the city's jobs (27.3 percent), the formula indicated above means that Downtown receives direct benefits from 5.2 percent of general government spending, or almost \$2.6 million annually.¹⁵

2. CONVENTION AND TOURISM

From the General Fund, there is only a very small expenditure that is categorized as convention and tourism. The average annual payments of \$138,000 was fully directed to the Soldiers Memorial on the Gateway Mall in Downtown St. Louis. All of it is attributed to benefiting Downtown.

¹⁴ The 50-hour per week assumption is longer than the typical 40-hour work week, since this includes the added time for commute (e.g., walking to and from automobile or transit) as well as occasional shopping, dining, or recreational activities after work.

¹⁵ This calculation does not double count those living and working Downtown.

3. PARKS AND RECREATION

The City of St. Louis spent an average of \$20.8 million annually to maintain and operate its 109 public parks totaling almost 3,330 acres.¹⁶ Downtown encompasses 12 of these parks, almost all of them in the Gateway Mall where individual blocks or small combinations of blocks are designated as separate parks. Altogether, Downtown's city parks encompass almost 39 acres, or 1.2 percent of all city park acreage.

No records could be obtained indicating how much is expended by city government to support each park. Instead, it is assumed here that the amount of financial benefit Downtown receives from city park spending is directly proportional to Downtown's share of city park acreage. Thus, Downtown directly benefited from 1.2 percent of the annual spending on parks and recreation, or \$250,000.

4. JUDICIAL SYSTEM EXPENDITURES

From FY2015 to FY2019, the City of St. Louis spent \$49.9 million annually to operate its judicial system.¹⁷ While a very large share of the judicial system is operated Downtown (e.g., courts and the jail/justice center), outcomes of the judicial system can be said to benefit Downtown in proportionally the same way that they benefit other neighborhoods. Thus, it was important to devise a means for determining Downtown's allocation of these expenditures. The chosen technique is based on crime statistics and is the same technique utilized for spreading the expenditures for the St. Louis Metropolitan Police Department (SLMPD).

To estimate the proportion of the city's total annual police expenditures (and, by extension, total annual judicial expenditures) that directly benefit Downtown, monthly crime report data were obtained from SLMPD for a two-year period from January 2019 through December 2020. Crime Downtown was isolated to compare with the remaining portions of the city. Since the type of crime impacts the departmental resources and costs differently, the crimes were sorted by type and then weighted with assumptions based on a study by the RAND Corporation.¹⁸ The following table shows the distribution of crimes by type and weighting.

¹⁶ These range in size from 0.03 acres in Taylor Park which is shared by the Central West End and Forest Park Southeast neighborhoods to 1,375 acres in Forest Park. Not included in this list are the Gateway Arch Grounds which is not a city park but is operated as a national park. While it can be said to greatly benefit Downtown St. Louis, the city spends no money to help maintain and operate the Arch Grounds. At a smaller scale, Citygarden, in Downtown's Gateway Mall, is also not a city park but is managed by a private foundation. Again, it is a great benefit to Downtown, but it is not subject to city government expenditures.

¹⁷ This excludes St. Louis Metropolitan Police Department (SLMPD), which is separately itemized later in this report.

¹⁸ Heaton, Paul, *Hidden in Plain Sight: What Cost-of-Crime Research Can Tell Us About Investing in Police* (RAND, 2010).

Crime by Type, City of St. Louis, 2019–2020 ¹				
Type of Crime	St. Louis City	Downtown Study Area		Crime Cost Index ²
	Total Crimes	Total Crimes	Share Citywide	
Aggravated Assault	8,966	701	7.8%	0.95
Arson	389	23	5.9%	0.10
Auto Theft	6,222	446	7.2%	0.10
Burglary	5,596	203	3.6%	0.13
Drug Crimes	2,454	234	9.5%	0.02
Homicide	458	11	2.4%	94.09
Larceny	24,095	3,009	12.5%	0.02
Leaving the Scene of an Accident	10,457	901	8.6%	0.02
Public Order	3,867	810	20.9%	0.02
Rape	532	50	9.4%	2.37
Robbery	2,717	250	9.2%	0.73
Simple Assault	3,589	563	15.7%	0.48
Weapons	2,411	102	4.2%	0.95
Other	19,740	2,727	13.8%	0.02
Total/Average	91,493	10,030	11.0%	100.00
Source: SLMPD				
¹ Calendar year				
² Based on RAND Corporation study and DS assumptions				

The city's total weighted score for all 91,493 crimes reported during the two-year period is 61,519 and Downtown's weighted score for its 10,030 crimes is 2,605, or 4.2 percent of the citywide total score.¹⁹ Thus, the Study Area accounts for approximately 4.2 percent of total annual police department and judicial system expenditures. With average annual judicial expenditures of \$49.9 million, approximately \$2.1 million directly benefited Downtown.

5. STREETS EXPENDITURES

The City of St. Louis Street Department spent an average of \$41.2 million annually to maintain streets, related rights-of-way, and traffic controls.²⁰ Based on an analysis of citywide street lengths, there are 82.7 miles of streets Downtown, representing 4.7 percent of street lengths citywide, which we have used to estimate average annual streets expenditures of \$1.9 million.

¹⁹ This is less than the 11.0 percent of all crimes taking place Downtown, indicating that the relative severity of crimes Downtown is slightly less than elsewhere in the city due to the much lower homicide rate—Downtown only accounted for 2.4 percent of homicides citywide, which according to RAND have a significantly higher cost than other crimes.

²⁰ This figure excludes major capital expenditures for street and bridge replacement, etc. Such expenditures are covered from a number of other funds in the city for capital investments.

6A. PUBLIC SAFETY: FIRE EXPENDITURES

The General Fund identifies three major public safety expenditure categories: Fire, Police, and Other. The Fire category spent almost \$78.0 million annually from FY2015 to FY2019. While the St. Louis Fire Department does not keep records on its calls and other services by neighborhood, the Downtown area is the setting of one of the department's 30 fire stations around the city. The Downtown station is located on Tucker Boulevard at Spruce Street. One method to estimate the fire department's spending to directly benefit Downtown is simply to say that Downtown receives 1/30th of such spending. But conversations with knowledgeable people led to a consensus that Downtown probably benefits from about twice that ratio. Given Downtown's size in terms of building scale, floor area, and number of workers, residents, and visitors, nearby fire stations are often called to assist during Downtown fire and related emergencies.

Thus, this report assumes that 2/30th (or 1/15th) of General Fund expenditures for fire related services can be attributed to Downtown. This amounts to just over \$5.2 million per year, or 6.7 percent of the General Fund's fire expenditures.

6B. PUBLIC SAFETY: POLICE EXPENDITURES

Average annual General Fund expenditures for citywide police operations were just under \$181.2 million. Spending data focused on Downtown, however, could not be obtained from independent sources, so the estimate of spending that directly benefits Downtown is based on the crime data analysis described earlier under the judicial system expenditures. In summary, crime data Downtown compared to crime data for the entire city suggest that 4.2 percent of General Fund police spending should be attributable to Downtown, or \$7.6 million annually.²¹

6C. PUBLIC SAFETY: OTHER EXPENDITURES

General Fund expenditures indicate that an average of \$55.6 million was spent in support of "other" public safety services outside of fire and police. In this category fall such services as the Director of Public Safety, the Neighborhood Stabilization program, and the city's Emergency Management Agency. Because no records are kept regarding such expenditures for Downtown or other sub-areas of the city, it was decided that the best way to estimate "other public safety" expenditures that directly benefit Downtown was to use the same formula as for police and the judicial system. Thus, based on weighted scores for crime Downtown compared to the city as a whole, this "other" category is estimated to have provided services worth almost \$2.3 million for Downtown, or 4.2 percent of the "other" public safety expenditures.

7. HEALTH AND WELFARE EXPENDITURES

Health and welfare expenditures from the General Fund are focused on the Medical Examiner's office and the Director of Human Services. Average annual spending citywide totaled just over \$3.9 million. It is assumed that higher income households require fewer city expenditures for health and welfare. We have used the citywide share of households living Downtown that earn less than \$25,000 annually, or 1.9 percent. This results in average annual spending of \$74,100.

²¹ This estimate is likely understated given added police presence for major public events as well as sporting events. Understanding these direct costs would require further study.

8. PUBLIC SERVICES EXPENDITURES

The city's General Fund expended an average of \$37.2 million annually for public services which included, primarily, the Board of Public Service and all of its responsibilities in operating city-owned structures. The share of these expenditures directly benefiting Downtown was deemed best estimated using the same formula described earlier for general government expenditures, or 5.2 percent, resulting in an average annual expenditure of \$1.9 million Downtown.

9. DEBT SERVICES EXPENDITURES

The city's General Fund expended an average of almost \$37.4 million annually for debt service payments, although there are many other sources of funds that also pay debt service on various outstanding loans and bond issues of the city. The share of these expenditures directly benefiting Downtown St. Louis was based on the same assumptions for general government and public service expenditures, or 5.2 percent, resulting in an average annual expenditure of \$1.9 million.

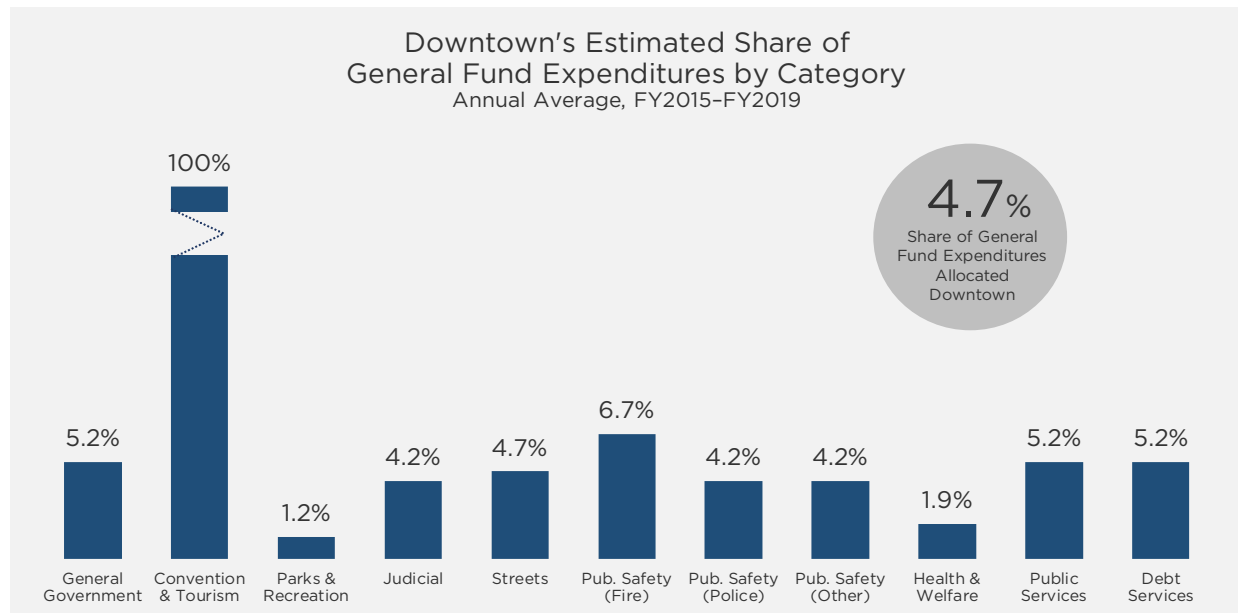
SUMMARY: GENERAL FUND EXPENDITURES

In total, from FY2015 to FY2019, the City of St. Louis allocated only 4.7 percent of total General Fund revenues to Downtown, or around \$26.2 million.

Average Annual General Fund Expenditures, FY2015–FY2019

City of St. Louis and Estimated Downtown Expenditures, in 2021 dollars

Expenditures from General Fund	Downtown	Rest of City	Total City	Share Allocated Downtown	Notes
General Government	\$ 2,610,864	\$ 47,598,060	\$ 50,208,924	5.2%	Share of Downtown population and 30 percent of share of non-resident workers
Convention & Tourism	\$ 138,331	\$ -	\$ 138,331	100.0%	All attributed to Downtown (Soldiers Memorial)
Parks & Recreation	\$ 250,047	\$ 20,587,174	\$ 20,837,221	1.2%	Based on acres of city-managed parks
Judicial	\$ 2,096,428	\$ 47,818,532	\$ 49,914,960	4.2%	Based on weighted scope of crimes by type
Streets	\$ 1,934,772	\$ 39,230,595	\$ 41,165,367	4.7%	Share of city streets Downtown
Public Safety				20.0%	
Fire	\$ 5,224,295	\$ 72,750,256	\$ 77,974,551	6.7%	1/15 of General Fund expenditures
Police	\$ 7,612,135	\$ 173,629,184	\$ 181,241,319	4.2%	Based on weighted score of crimes by type
Other	\$ 2,334,523	\$ 53,249,364	\$ 55,583,887	4.2%	Based on weighted score of crimes by type
Health & Welfare	\$ 74,088	\$ 3,825,279	\$ 3,899,367	1.9%	Share of households earning less than \$25,000 living Downtown
Public Services	\$ 1,934,451	\$ 35,266,529	\$ 37,200,980	5.2%	Same assumption as General Government
Debt Services	\$ 1,942,899	\$ 35,420,541	\$ 37,363,440	5.2%	Same assumption as General Government
TOTAL GENERAL FUND EXP.	\$26,152,834	\$529,375,514	\$555,528,347	4.7%	Total weighted share of General Fund Expenditures Downtown



CONCLUSIONS

Despite Downtown containing less than four percent of the city's total land area, it generates more than 19 percent of the city's total General Fund revenue. The city expends less than five percent of its General Fund for direct services Downtown making it highly efficient from a cost-benefit perspective. This also highlights the significance of Downtown in supporting the overall prosperity of the city, and without a strong Downtown, the city would be adversely impacted. Based on the analysis in this report, the future competitiveness of Downtown and its relative contribution to citywide revenues will depend on the following key factors that are embedded in *Design Downtown STL*, the *STL 2030 Jobs Plan* and the *Roadmap to Economic Justice* strategic vision document.

FISCAL DRIVERS FOR FUTURE PROSPERITY

1. Population Growth

Over the last two decades, Downtown's population grew at a much faster rate than the region's as a whole and Downtown still represents one of the fastest growing neighborhoods citywide. **Increasing Downtown's population will have a proportional increase in revenue generation** from new real estate development and increased earnings and sales tax capture.

2. Employment and Wage Growth

Downtown contributes an estimated \$61.5 million in earnings and payroll tax revenue, or nearly 26 percent of citywide revenues in these categories. This can be attributed to the large share of the city's total wages generated Downtown. This is significant considering earnings and payroll taxes contribute, on average, to over 54 percent of the city's General Fund tax revenue. This demonstrates the **critical importance of maintaining Downtown as an employment hub and concentration of higher-paying knowledge-sector employment**.

3. Hospitality and Retail Spending

Downtown is home to more than 7,500 hotel rooms, or 78 percent of the total citywide supply. While Downtown only generates an estimated 12 percent of total citywide sales tax revenue, it generated an estimated 79 percent of citywide hotel revenue. **Maintaining and bolstering Downtown as a visitation, cultural, and recreational hub will not only grow revenue share**, but also make the region more competitive as a tourism destination.

4. Real Estate Development

Given the large share of tax-exempt properties, Downtown only contains around 13 percent of the city's total assessed value for taxable properties. While development trends have been strong for residential uses and hotels, with the exception of Ballpark Village, retail development has been slow and the office market remains flat—lease rates Downtown are now similar to or lower than the citywide average. **Continued redevelopment of obsolete properties or publicly-owned properties will not only increase assessments and share of Downtown's property tax contributions to the city**, but also support 1) Population Growth, 2) Employment and Wage Growth, and 3) Hospitality and Retail Spending as described above.