

Project Title	2008 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2008	Governor's Planning Estimate	
		2008	2010	2012	Total		2010	2012
Redevelopment Grant Program	1	\$20,000	\$20,000	\$20,000	\$60,000			
Bioscience Business Dev. Public Infrs. Grant Program	2	10,000	10,000	10,000	30,000			
Greater MN Business Dev. Public Infrs. Grant Pro	3	20,000	20,000	20,000	60,000			
<b>Total Project Requests</b>		\$50,000	\$50,000	\$50,000	\$150,000			

**Redevelopment Grant Program**

**2008 STATE APPROPRIATION REQUEST:** \$20,000,000

**AGENCY PROJECT PRIORITY:** 1 of 3

**PROJECT LOCATION:** Statewide

**Project At A Glance**

- ◆ **Redevelopment Grants** help local authorities renew obsolete or abandoned properties for industrial, commercial, and residential uses.

**Project Description**

M.S. 116J.571 to 116J.575, authorizes the Redevelopment Grant Program (the "Program") which was created for the purpose of providing financial assistance to local governments and local development agencies to recycle obsolete or abandoned properties for new industrial, commercial, and residential uses. Program funds can be used for public improvements that are conducted on publicly owned land. The program will be implemented statewide on a competitive basis with available funds being split between Greater MN and the seven county Metropolitan Areas.

The redevelopment of previously developed land is critical to sustaining private and public investments in our communities and providing additional economic development opportunities. The Redevelopment Grant Program will use state funds to clear previous development, install updated infrastructure and stimulate private reinvestment in existing Minnesota neighborhoods and communities. Recycling existing properties relieves development pressure on the urban fringe and utilizes existing municipal facilities and systems such as schools, fire and police protection, streets and highways, and water and wastewater systems.

**Impact on Agency Operating Budgets (Facilities Notes)**

DEED administers the Program in the Business and Community Development Division. All operation and maintenance activities will be conducted by the local communities.

**Previous Appropriations for this Project**

The Redevelopment Grant Program was created in statute by the 1998 legislature. The program assisted both metro and greater Minnesota communities from its inception until 2001 when it was made into a Greater Mn only program. The 2007 legislature returned the program back to a statewide program allowing the available dollars to be split between Greater Minnesota and the seven county metropolitan areas. The funding history of the program is:

Years	Program Funding	Projects		Private Investment	Tax Base Increase	Job Creation
		Awarded	Applications Received			
1999-2007	\$30 million	70	148	\$770 million	\$13 million	8,000+

**Other Considerations**

Financing provided by the Redevelopment Grant Program is an important element in helping communities finance expensive redevelopment projects, allowing communities to remain economically competitive. The Redevelopment Grant Program has been over-subscribed during the years in which it had funds to award. DEED has received 148 applications to date and has only been able to award 70 grants with the available dollars.

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**Redevelopment Grant Program**

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**Governor's Recommendations**

**Bioscience Business Dev. Public Infras. Grant Program**

**2008 STATE APPROPRIATION REQUEST:** \$10,000,000

**AGENCY PROJECT PRIORITY:** 2 of 3

**PROJECT LOCATION:**

**Project At A Glance**

**BBDI Grants** provide funding – up to 50% of eligible public infrastructure costs related to BioBusiness Development investments statewide.

**Project Description**

MN Statute 116J.435, The BioBusiness Development Public Infrastructure Grant Program (BBDI) provides grants to eligible cities for public infrastructure development projects associated with strategic biobusiness investments throughout the state. These eligible capital costs, are matched at least 1:1 from non-state sources and are used to fund eligible publicly owned infrastructure including, traditional public infrastructure such as roads, sewer and water lines. In addition, because of the unique needs of the industry the BBDI program is also eligible to fund other public costs that are not eligible under other state programs such as: telecommunications infrastructure, bridges, parking ramps, business incubators facilities and laboratories that support basic science and clinical research infrastructure.

The goal of the Program is to keep or enhance jobs in a particular area, to increase a city's tax base, or to create and/or expand new economic development within a city, and to encourage significant private investment, business expansion and relocation in the med-tech and bioscience industries. The Program is available through a competitive application process for projects throughout the state.

Providing adequate infrastructure is a critical component in stimulating private investment and maintaining healthy, vital communities throughout Minnesota.

**Impact on Agency Operating Budgets (Facilities Notes)**

The Program is administered by Business and Community Development Division staff. For the FY08 legislative session, DEED requests \$10 million. Past appropriations have leveraged an additional local match of more than \$2 dollars for every \$1 dollar of state investment, and nearly \$8 dollars of private investment.

**Previous Appropriations for this Project**

The previous appropriations for this activity have been \$10 million in FY06 and \$18.5 in FY05. The part of the FY05 allocation was used to help develop the public infrastructure related to the Medtronic – Cardiac Rhythm Management Division expansion in Mounds View. This project includes \$195 million in private investment and the creation of 4,000 new jobs in Minnesota. In addition, the FY05 funding is being utilized to redevelop blighted properties in Minneapolis near the University of Minnesota campus to encourage the location of bioscience and medical device companies a research park near campus. In Rochester the FY06 BBDI funds are leveraging the investment of the Legislature in the Mayo/University of Minnesota bioscience partnership by investing in the construction of a bioscience business incubator facility that will support technology transfer and new business development.

	Total Number Requested	Total Amount Requested	Number of Applications Funded	Amount Funded	Total Match from Local Government Sources	Total Private Sector Investment to Date
FY05	4	\$ 28,500,000	4	\$18,500,000	\$31,115,488	\$199,000,000
FY06	7	\$ 11,500,000	3	\$9,256,250	\$29,932,198	\$20,000,000

**Other Considerations**

Several steps have been taken to strengthen the industry since 2003, the creation of the Biosciences Zones, which provided significant tax credits and exemptions for qualified businesses. Recent legislation gave DEED authority to designate additional zones based on defined criteria and also reaffirmed the commitment to remain globally competitive in the bioscience industry by

**Bioscience Business Dev. Public Infras. Grant Program**

funding the BioBusiness Alliance, a private–public partnership charged with developing a long term strategy for Minnesota.

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**Governor's Recommendations**

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**Greater MN Business Dev. Public Infr. Grant Pro**

**2008 STATE APPROPRIATION REQUEST:** \$20,000,000

**AGENCY PROJECT PRIORITY:** 3 of 3

**PROJECT LOCATION:** Greater MN Communities

**Project At A Glance**

- ◆ **BDPI Grants** provide funding – up to 50% of eligible capital costs - to cities in Greater MN to assist them in funding public infrastructure for both industrial parks and business expansion.

**Project Description**

MN Statute 116J.431, The Greater MN Business Development Public Infrastructure Grant Program (BDPI) provides grants to eligible cities for complex and costly public infrastructure development projects for industrial parks and to facilitate business expansions. The Program pays up to 50% of eligible capital costs, not to exceed \$1 million in a two year funding period.

The goal of the Greater MN Business Development Public Infrastructure Grant Program is to keep or enhance jobs in a particular area, to increase a city's tax base, or to create and/or expand new economic development within a city. DEED currently delivers the Program to Greater Minnesota communities (those outside of the seven county metropolitan area) on a competitive, open application basis.

The Program utilizes state funds along with private/local resources to install eligible publicly owned infrastructure including, but not limited to, sewer, wastewater treatment and/or storm water management systems, facilities for pretreatment of wastewater to remove phosphorus, water supply systems, utility extensions, and streets.

Providing infrastructure within undeveloped Industrial development parks is critical in stimulating private investment and maintaining healthy, vital communities throughout Greater Minnesota.

**Impact on Agency Operating Budgets (Facilities Notes)**

The Program is administered by Business and Community Development Division staff. For the FY08 legislative session, DEED requests \$20 million for the Greater MN Business Development Public Infrastructure Program as there has been increasing demand for the program since it's inception in FY04. Program funds have leveraged an additional \$4 dollars for every \$1 dollar of state investment. \$2 million of the total state appropriation must be reserved for communities of populations under 5,000.

**Previous Appropriations for this Project**

To determine the amount of funding for FY08, the department considered the amount of requests received the past three funding cycles and how quickly Program funds were committed within that time period. In the past 3 years the need for financial assistance provided by the Program has dramatically outweighed the available resources to address the costly public infrastructure required for expanding economic development in Greater MN (see chart below).

	Number of Applications	Total Amount Requested	Number of Applications Funded	Amount Funded	Number of Jobs created*	Total Investment*
FY04	40	14,422,043	27	7,500,000	478	38,063,039
FY05	32	13,968,457	26	10,000,000	1158	23,667,726
FY06	53	26,382,076	22	7,750,000	406	39,744,954

\* from applications funded

**Other Considerations**

By providing financing to communities in Greater Minnesota for public infrastructure, the Greater MN Business Development Public Infrastructure Grant Program will continue to play an important role in providing eligible cities the opportunity to compete for businesses that create jobs, increase the tax base and expand economic development opportunities.

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**Governor's Recommendations**