

**Employment & Economic Development**

**Projects Summary**  
(\$ in Thousands)

Project Title	2014 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2014	Governor's Planning Estimate	
		2014	2016	2018	Total		2016	2018
Business Development Public Infrastructure	1	\$10,000	\$10,000	\$10,000	\$30,000	\$0	\$0	\$0
Transportation Economic Development	2	17,500	17,500	17,500	52,500	0	0	0
Redevelopment Grants	3	2,500	2,500	2,500	7,500	0	0	0
Innovative Business Development Infrastructure	4	5,000	5,000	5,000	15,000	0	0	0
<b>Total Project Requests</b>		\$35,000	\$35,000	\$35,000	\$105,000	\$0	\$0	\$0

**Business Development Public Infrastructure**

**2014 STATE APPROPRIATION REQUEST:** \$10,000,000

**AGENCY PROJECT PRIORITY:** 1 of 4

**Project At A Glance**

Business Development Public Infrastructure (BDPI) Grants provide funding – up to 50 percent of eligible capital costs - to cities in Greater Minnesota to assist them in funding public infrastructure vital for business expansion and/or job creation.

**Project Description**

The Department of Employment and Economic Development (DEED) is requesting funding for the BDPI program (M.S. 116J.431). The program provides grants to eligible cities for complex and costly public infrastructure development projects for industrial parks and to facilitate business expansions. The BDPI program pays up to 50 percent of eligible capital costs, not to exceed \$1 million in a two year funding period.

The goal of the program is to enhance job creation, to increase local tax base, and to encourage significant private investment that expands economic development opportunities. Funds are available through competitive grants. The program accepts applications at any time, but will only fund a project when it is ready to undertake construction. In the past, BDPI funds have been exhausted in 8-10 months and numerous good, job creating, projects were not completed. DEED needs the resources to adequately capture the opportunities over the full two year capital budget period. There are no funds remaining in the BDPI program and a significant pent up demand is expected by the time funds would be available.

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

**Previous Appropriations for this Project**

From 2004-10 the BDPI program awarded \$33 million, which funded 105 projects creating 2000 jobs with a total investment in excess of \$100 million. In Fiscal year 2009, From 2011-2013, the program awarded \$18.7 million which funded 57 projects that will create 1125 jobs, retain 4,052 jobs and leverage investment of \$42.9 million. In 2012, DEED received \$6 million, of that \$6 million the legislature required \$3.6 million be directed to the Lake Superior Poplar Water District.

Year	Program Funding	Projects Awarded	Leverage	Jobs Created and Retained
2011	\$8 million	30	\$27 million	436 / 2,976
2012	\$4.7 million	18	\$11.3 million	574 / 815
2013	\$6 million	9	\$4.5 million	115 / 261

**Other Considerations**

The BDPI program currently does not have funds available to assist communities requesting assistance with economic development projects. Providing infrastructure within undeveloped industrial parks is critical in stimulating private investment and maintaining healthy, vital communities throughout greater Minnesota. By adequately funding the program over the next two years DEED will have a significant tool to help provide opportunities to compete for businesses that create jobs, increase the local tax base and expand economic development opportunities that is critical in revitalizing the State's economy.

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**Transportation Economic Development**

**2014 STATE APPROPRIATION REQUEST:** \$17,500,000

**AGENCY PROJECT PRIORITY:** 2 of 4

**Project At A Glance**

The Transportation Economic Development (TED) Program helps communities address the state’s transportation system needs and economic development objectives through multimodal transportation infrastructure improvements.

supplemented with \$20 million of MnDOT Trunk Highway funds, \$1.5 million of BDPI, and \$1 million of IBDI funds. For FY 2014-15, TED was allocated \$20 million of Trunk Highway funds (\$10 million per year). No GO bonds were available through TED, BDPI, or IBDI.

<b>Years</b>	<b>Program Funding</b>	<b>Projects Awarded</b>	<b>Leverage</b>	<b>Job Creation</b>
FY 2010-11	\$34 million	10	\$18 million	4,600
FY 2012-13	\$25 million	14	\$88 million	5,700

**Project Description**

TED (M.S. 174.12), established in 2010, is a joint effort of the Departments of Employment and Economic Development (DEED) and Transportation (MnDOT). The program’s purpose is to create and preserve jobs, improve the state’s economic competitiveness, increase the tax base, accelerate transportation improvements and leverage greater private investment in public infrastructure improvements.

TED is a competitive grant program that provides up to 70% of the transportation and other public infrastructure costs associated with economic development projects. In its first two years, TED provided \$59 million to 24 projects throughout Minnesota, leveraging over \$100 million and creating more than 10,000 head of household jobs.

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

**Previous Appropriations for this Project**

In 2010, the TED pilot program used \$30 million in trunk highway bonds and \$4 million in general obligation bonds. The Greater Minnesota Business Development Public Infrastructure (BDPI) program provided \$3 million and the Innovative Business Development Public Infrastructure (IBDI) program provided \$1 million of state general obligation bond proceeds (GO bonds). In 2012, TED was allocated \$3 million in GO bonds. Those funds were

**Other Considerations**

In 2010 and 2012, TED awarded trunk highway funds (through MnDOT) and general obligation bonds (through DEED). This combination of funding allowed the program flexibility to fund improvements within the trunk highway and transportation and utilities improvements outside of the trunk highway (including other modes of transportation). For FY 2014/15, only trunk highway funds are currently available and more than half of the TED requests were infeasible due to significant costs outside of the trunk highway.

A significant number of our competing states have established their own transportation economic development programs. For example, Iowa has its RISE (Revitalize Iowa’s Sound Economy) program; Wisconsin has its TEA (Transportation Economic Assistance) program; Illinois has its “Economic Development Program”; and Michigan has its Transportation Economic Development Fund. Establishment of a permanent transportation economic development program will send a clear message to our competing states and to prospective businesses that Minnesota recognizes that transportation infrastructure is critical to our economic viability.

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**Redevelopment Grants**

**2014 STATE APPROPRIATION REQUEST:** \$2,500,000

**AGENCY PROJECT PRIORITY:** 3 of 4

**Project At A Glance**

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

**Project Description**

The Redevelopment Grant Program (M.S. 116J.571 to 116J.675) 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 Minnesota and the seven county metropolitan area.

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)**

**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 Minnesota 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 Awarded	Leverage	Tax Base Increase	Jobs Created
1998-2012	\$62.5 million	150	\$1.7 billion	\$26 million	9,000+

**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 when funded.

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**Innovative Business Development Infrastructure**

**2014 STATE APPROPRIATION REQUEST:** \$5,000,000

**AGENCY PROJECT PRIORITY:** 4 of 4

**Project At A Glance**

The Innovative Business Development Public Infrastructure Grant Program provides funding up to 50 percent of eligible public infrastructure costs related to innovative, high tech, bio, and medical technology business development investments statewide.

**Project Description**

The Innovative Business Development Public Infrastructure Grant Program (IBDI), (M.S. 116J.435), provides grants to eligible cities for public infrastructure development projects associated with strategic business investments throughout the state. These eligible capital costs are matched 1:1 from non-state sources and are used to fund publicly owned infrastructure including roads, sewer and water lines. In addition, the IBDI program also allows telecommunications infrastructure, bridges, parking ramps, business incubators facilities and laboratories that support basic science, development of innovative technology and research infrastructure.

The goal of the IBDI is to keep or enhance jobs in the technology 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 high-tech, medical and bioscience industries. Funds are available through competitive grants.

For 2014 the Department of Employment and Economic Development (DEED) requests \$5 million for IBDI. Past appropriations have leveraged an additional local match of more than \$2 for every \$1 of state investment.

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

**Previous Appropriations for this Project**

The previous appropriations for this activity have been \$10 million in the 2006 bonding bill and \$18.5 million in the 2005 bonding bill. Part of the 2005 funding 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 2005 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 2006 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.

<b>Years</b>	<b>Program Funding</b>	<b>Projects Awarded</b>	<b>Leverage *</b>	<b>Jobs Created/ Retained</b>
2009	\$2.2 million	2	\$8.4 million	494 / 941
2010	\$2.9 million	3	\$3.3 million	328 / 2
2011	\$4.7 million	9	\$2.7 million	10 / 1,074

\*amount leveraged is infrastructure spending only

**Other Considerations**

Current funding is expected to be exhausted by June 2013 and a pent up demand is expected in 2014.

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