



Host Community Economic Development Grants Program

Annual Report to the Legislature as required by Minnesota Statute 116J.548, Subd. 5

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Background

The Host Community Economic Development Grants Program was passed by the 2013 legislature and created a program within DEED for “host communities” to pay for capital costs and design-related costs for capital projects. These state grants can cover 100% of the total costs of the project, and do not require any matching funds. Grants may be used to finance the capital costs of development or redevelopment projects to create jobs, increase the city tax base and enhance the city’s attractiveness to private investment. To date, DEED has awarded \$4,661,875 in grants under the program.

Minnesota Statute 116J.548, Subd. 5, requires the Department of Employment and Economic Development (DEED) to report to the committees of the legislature with jurisdiction over economic development by February 15 of each year on the grants awarded under the Host Community Economic Development Grants Program. This report fulfills that requirement.

How DEED identified eligible recipients

Minnesota Statute 116J.548 defines a Host Community as “a city located within the seven-county metropolitan area, as defined in Minnesota Statutes, Section 473.121, Subd. 2, that is the site of a waste disposal facility that meets the standards in Minnesota Statutes 473.849, that accepts unprocessed mixed municipal solid waste generated in the metropolitan area.”

DEED consulted with the Minnesota Pollution Control Agency (MPCA) shortly after the Host Community legislation was passed to identify communities that met these requirements. It was determined that only the cities of Burnsville and Inver Grove Heights were eligible for grants under the Host Community statute. The MPCA confirmed in 2017 that Burnsville and Inver Grove Heights were still the only eligible communities.

Grants Awarded under Minnesota Statutes 116J.548

In 2019 DEED received two applications for grant funds, one each from Burnsville and Inver Grove Heights. DEED’s review of these applications determined that each met the Host Community statute’s goal of generating economic development, and DEED awarded two grants totaling \$831,250. Below are details on each of the awarded grants:

- 1) *City of Burnsville – 121st Street and Pleasant Ave/Citywide Sanitary Sewer Model/County Road 42 Traffic Study - \$415,625 (Awarded February 26, 2019)*

The city of Burnsville will use these grant funds toward three infrastructure projects including street improvements along 121st St. and Pleasant Ave., creating a citywide sanitary sewer model, and conducting a traffic study on County Road 42. The street improvements are necessary to sustain

additional traffic from an adjacent dealership expansion and heavy traffic from City of Burnsville composting and equipment storage.

Currently, there is no sewer model that can assist the city's planning efforts for future redevelopment projects; a citywide model will provide the capability for running development scenarios and attracting high density developments. The traffic study required for County Road 42 will address the future traffic needs of the area around Burnsville Center as the plan moves forward to redevelop the area with additional residential and mixed-use projects. The street repair will retain eight jobs and the traffic study will retain two. The street repair is expected to be complete by spring of 2020, and the sewer model and traffic study are expected to be complete by July 2020.

These improvements will support the city's long-term development plans to attract new residents and private sector investment that will create jobs and increase property taxes to ensure the vitality of the area as a regional draw.

2) *City of Inver Grove Heights – Concord Boulevard Riverside/Heritage Village Park - \$415,625 (Awarded June 3, 2019)*

The city of Inver Grove Heights will use these grant funds toward the acquisition and structure demolition of 6455 Dowling Ave E. Once cleared, the site will be incorporated as a new public park amenity which will be part the comprehensive Heritage Village Park project. The Heritage Village Park development is envisioned to include a mix of high-density senior, workforce, and/or market-rate housing and will also prepare the property for private sector real estate developers and small business entrepreneurs to reinvest in the area.

The city estimates that this project will be completed in 2021 and will create 12 jobs and a projected \$16 million in private investment.

Use of Remaining Funds

DEED has \$831,250 in FY20 funds to award before June 30, 2020. DEED anticipates receiving \$831,250 additional funds in FY21. DEED will divide the funds as evenly as practicable based on eligible costs within the applications submitted.