



FY25 Host Community Economic Development Grant Program Annual Report

As required by Minn. Stat. § 116J.548, Subd. 5

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As required by Minnesota Statute 3.197: This report cost approximately \$462.28 to prepare, including staff time, printing, and mailing expenses.

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Program History

The Host Community Economic Development Grant 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 eligible 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 for capital costs of development or redevelopment projects to create jobs, increase the city tax base and enhance the city’s ability to attract private investment. To date, DEED has been appropriated \$875,000 annually, and has awarded a total of \$831,250 each year since FY14. DEED is allowed to use up to 5% of appropriation for program administration.

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. DEED continues to check annually.

Grants Awarded under Minnesota Statutes 116J.548

In 2025, DEED received two applications for grant funds; one from the city of Burnsville and one from the city of Inver Grove Heights. DEED’s review of these applications determined that both met the Host Community statute’s goal of generating economic development, and DEED awarded two grants totaling \$831,250. Below are details on the awarded grants:

- *City of Burnsville – 35W Buck Hill Rd Exit Ramp - \$415,625 (Awarded March 5, 2025)*

The city of Burnsville will use these grant funds to pay for Capital Construction costs of the I35/Buck Hill Rd exit ramp and roundabout. The exit ramp and roundabout will help spur redevelopment on the east side of the Burnsville Center Mall by providing a direct access connection from I-35W. This connection will help facilitate the city’s long term vision and future development of the larger Burnsville Center Village project, which will include retail, housing, office space, hotels and healthcare facilities that will increase the number of new jobs and taxes in the area.

- *City of Inver Grove Heights – Dickman Trail Industrial Site - \$415,625 (Awarded March 5, 2025)*

The city of Inver Grove Heights will use these grant funds to provide project design, engineering and construction for the expansion of public utilities (water and wastewater) to both the Dickman Trail Development Site and the Babcock Trail Development Site. Both of these future developments are expected to increase the tax base and provide jobs in the area.

Use of Remaining Funds

DEED awarded \$415,625 in FY25 funds to the city of Burnsville and \$415,625 in FY25 funds to the city of Inver Grove Heights in March 2025 for a total of \$831,250, which exhausted the FY25 appropriation.

As this appropriation is part of DEED's base funding, DEED anticipates receiving an additional \$710,000 in FY26. Of this, \$674,500 will be allocated towards grants. The funds will be divided as evenly as practicable.