

Project Title	Agency Priority	Funding Source	Agency Request			Governor's Rec	Governor's Planning Estimates	
			2008	2010	2012	2008	2010	2012
Redevelopment Grant Program	1	GO	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Bioscience Business Dev. Public Infrs. Grant Program	2	GO	10,000	10,000	10,000	10,000	10,000	10,000
Greater MN Business Dev. Public Infrs. Grant Pgm.	3	GO	20,000	20,000	20,000	20,000	20,000	20,000

Project Total	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
General Obligation Bonding (GO)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000

<b>Funding Sources:</b>	GF = General Fund	THF = Trunk Highway Fund	OTH = Other Funding Sources
	GO = General Obligation Bonds	THB = Trunk Highway Fund Bonding	UF = User Financed Bonding

## Agency Profile At A Glance

**Operating Environment.** Through economic peaks and valleys, Minnesota continues to be a strong performer, with a broad industry base.

- ◆ Minnesota's 20 Fortune 500 firms represent a variety of industries, including, health care, finance, food products, retail, and industrial goods.
- ◆ Minnesota's economy is adding jobs. In 2006, businesses added more than 28,000 jobs - a 1.2 percent growth. Preliminary data point to solid growth in 2007 with some notable strength in non-durable manufacturing (e.g. printing and paper goods) and professional services.
- ◆ The state has enjoyed widespread business investment with seven greater Minnesota cities among the top 100 U.S. micropolitan areas in the number of new and expanded corporate projects in 2006.

**Performance.** DEED continually monitors its programs for impact, effectiveness, and efficiency.

- ◆ As of December 2006, JOBZ partners closed 229 business deals, resulting in \$590 million in capital investment, 2,085 retained jobs and 3,639 projected new jobs. (See [www.deed.state.mn.us/bizdev/pdfs/jobzdeals.pdf](http://www.deed.state.mn.us/bizdev/pdfs/jobzdeals.pdf) for updated information.)
- ◆ In 2006, DEED assisted more than 294,000 Minnesotans to prepare for, find or retain employment, with about 234,000 earning wages that same year.

## Agency Purpose

The Department of Employment and Economic Development (DEED) facilitates an economic environment to produce jobs and improve the quality of the state's workforce. These actions support the economic success of Minnesota individuals, businesses, and communities by providing opportunities for growth.

Most of the statutory authority for this agency resides in M.S. Chapters 116J, 116L, 248, 268, 268A, 446A, and 469. Federal law also provides authority for multiple specific programs; see program and budget activity narratives for specific citations.

## Core Functions

The agency has three major functions:

- ◆ To support business creation, expansion, relocation, and retention in Minnesota through the resources and programs of the Business and Community Development Division.
- ◆ To stabilize and stimulate the economy in times of downturn and help business retain an available skilled workforce through the benefit payments administered by the Unemployment Insurance Division.
- ◆ To support the workforce needs of Minnesota's businesses, workers, and communities through the activities of the Workforce Development Division.

## Operations

The agency's diverse programs directly serve Minnesota's businesses, communities, and workers. In addition, DEED works with a wide range of partners on the federal, state, and local level to ensure the highest levels of program coordination and quality.

**Business and Community Development** programs help companies expand in or relocate to Minnesota, promote international trade, finance business expansions, and help companies find and train employees. In addition, Minnesota communities can tap into the division's financial and technical assistance programs to help spur business growth while addressing important revitalization issues – for example, through tax-exempt Job Opportunity Building Zones. DEED offers grants, loans, and technical assistance for redevelopment projects and activities, including housing and commercial rehabilitation, wastewater treatment facilities and drinking water systems, and contaminated site cleanup.

**Unemployment Insurance** determines program tax rates for Minnesota businesses and collects those revenues for deposit into the Unemployment Insurance Trust Fund. This trust fund supplies weekly benefit payments to eligible individuals. Primarily through internet and phone-based systems, DEED staff computes benefit entitlements for applicants, pays benefits as appropriate, and provides impartial due process hearings for applicants and employers.

**Workforce Development** supports Minnesota's workforce needs and serves customer populations stretching from businesses to job seekers to persons with disabilities. The major service delivery mechanism for this division is the WorkForce Center System, a unique partnership of employment and training organizations reflecting the needs of each community. In addition to the wide range of specific services offered to workers, businesses, students, and those looking for work, each WorkForce Center also houses a Resource Area (similar to a public library) equipped with computers, fax machines, literature, and other aids that will assist job seekers minimize the time they are unemployed.

**Budget**

For FY 2008, DEED manages an approximately \$375 million budget covering over 1,490 FTE's spread across the state. It does *not* include the over \$1 billion in Unemployment Insurance transactions each year, which run through a federal trust fund.

Of the \$375 million, \$240 million (or 64 percent) comes from federal sources such as the U.S. Department of Labor, U.S. Department of Education, U.S. Department of Housing and Urban Development, and the U.S. Department of Agriculture. Another \$50 million (13 percent) comes from the Dedicated Workforce Development fund. About \$77 million (20 percent) comes from the state's general fund.

**Contact**

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**At A Glance: Agency Long-Range Strategic Goals**

The mission of the Department of Employment and Economic Development (DEED) is to support the economic success of individuals, businesses, and communities by improving opportunities for growth.

While no government agency can boast the power to grow a state's economy, DEED believes it can influence the fundamental forces that lie beneath the economy. By ensuring an appropriate operating environment, DEED can maximize the chances that private businesses and other economic factors will flourish.

DEED has adopted the following six strategies to achieve its overarching goal of economic growth:

- ◆ Enhance Minnesota's environment for business growth and expansion.
- ◆ Promote small business growth.
- ◆ Meet the workforce needs of Minnesota businesses.
- ◆ Promote Minnesota as a destination – for businesses, workers, families, and tourists.
- ◆ Provide easier access to state government services for Minnesota businesses.
- ◆ Increase community capacity to partner with the state for long-term economic vitality.

**Community Development Programs**

DEED offers grants, loans, and technical assistance for Redevelopment projects and activities, including small cities, housing and commercial rehabilitation, public infrastructure, contaminated site clean-up, and bioscience infrastructure.

**Trends, Policies, and Other Issues Affecting the Demand for Services, Facilities, or Capital Programs**

**Community Development Programs**

*Redevelopment:* The Redevelopment Grant Program provides gap financing to local governments and local development agencies to recycle obsolete or abandoned properties for new industrial, commercial, and residential uses. The program's goal is to assist in the recycling of land, provide an incentive to develop on in-fill sites, and to assist in the revitalization and blight removal of the developed cities. The program is delivered via competitive grant cycles. To date, the program has been over-subscribed, reinforcing the need for the gap financing this program provides.

Because the cost of developing on formerly used sites is very high, developers target green space land for new subdivisions, industrial parks, and commercial centers. This trend has resulted in significant sprawl. The effect has negatively impacted the tax base and redevelopment prospects in the state's developed cities. Job creation, housing development, and necessary tax base revitalization in our core cities is jeopardized by sprawl. The Redevelopment Grant Program provides financing to level the playing field between formerly used sites and vacant land, providing an incentive for the development community to recycle in-fill sites.

*Public Infrastructure:* The goal of the Greater Minnesota Business Development Public Infrastructure 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.

The Program utilizes state funds along with private/local resources to install expensive infrastructure and stimulate private investment in Greater Minnesota neighborhoods and communities by providing up to 50 percent of the capital costs of the public infrastructure necessary to expand or retain jobs in an area, increase the tax base, or to expand or create new economic development. Providing infrastructure within undeveloped Industrial development parks is critical to maintaining healthy, sustainable communities throughout Greater Minnesota. In FY 2004, the bonding bill allocation of \$7.5 million dollars was committed within a period of seven months to 27 projects creating over 470 additional jobs\*. In FY 2005 the bonding bill allocation was \$10 million. Those funds were committed within a period of six months,

funding 24 applications and creating more than 1100 jobs\*. In FY 2006 the bonding bill allocation was \$7.75 million (inclusive of two set-asides totaling \$1.65 million. Those funds were committed within a period of six months, funding 22 applications and creating more than 400 jobs\*. The need for these resources is pervasive as the applications for funding far out weigh the number of applications funded (see chart below).

	Number of Applications Submitted	Total Amount Requested	Number of Applications Funded	Amount Funded	Number of Jobs created*	Total Investment*
FY 2004	40	\$14,422,043	27	\$7,500,000	478	\$38,020,001
FY 2005	32	\$13,968,457	24	\$10,000,000	1,158	26,886,486
FY 2006	53	\$26,382,076	21	\$7,750,000	406	39,531,129

\* From applications funded

*BioScience:* The BioScience Business Development Public Infrastructure Grant Program (BBDI) provides grants to eligible cities for public infrastructure development projects associated with BBDI projects throughout the state. Funding includes up to 50 percent of eligible public infrastructure costs. The goal of the program is to encourage private investment and business expansion in the BioScience and medical device sector. The program utilizes state resources along with private/local investment to stimulate and support BioScience Business Development within the state.

Since 2003, Minnesota has been engaged in enhancing this important sector of the economy. Given the high cost of developing facilities and purchasing equipment in sectors such as renewable energy, biotechnology and medical devices, the BBDI Grant Program plays a key role in sustaining and positioning Minnesota for long-term industry growth.

In 2006, DEED received seven applications for funding and awarded more than \$9.25 million to three Minnesota cities. The funded projects will leverage nearly \$30 million in local government match and \$20 million in private sector match. Previous appropriations in 2005 awarded \$18.5 million to four Minnesota cities and will leverage more than \$31 million in local government match and nearly \$200 million in private sector match.

As the industry continues to develop in Minnesota, so has demand for the program. DEED expects at least seven new applications for 2008 in addition to those who have refined applications since 2006. Thus, the department has requested \$10 million in funding for FY 2008-09

*Summary:* DEED's bonding requests for the Redevelopment Grant Program, the Greater Minnesota Business Development Public Infrastructure Program and the Bioscience Infrastructure Program are related in that they will finance public infrastructure. However, they are different in their overall focus which was established by the legislature in the creation of the various programs.

The Redevelopment Grant Program focuses on the redevelopment of formerly used land, inserting dollars to help alleviate the expensive costs of removing blighted buildings, etc. to make land suitable for redevelopment. Bond dollars will help with the necessary component of building public infrastructure that may be needed in the redevelopment of a site. Although the Redevelopment Grant Program is not an infrastructure program, bonding dollars will allow the financing of public infrastructure that is necessary on many of the redevelopment projects.

The Greater Minnesota Business Development Public Infrastructure Program and the Bioscience Program both focus on installing public infrastructure. However, the legislature has created two programs with two distinct focuses; one concentrates on the need for infrastructure in Greater Minnesota and the other gives priority to bioscience businesses.

While public infrastructure is what is being financed through the various programs with bonding dollars, each has a clear and defined target audience established by the legislature. The programs are serving a distinct purpose and should be distinguished accordingly.

**Provide a Self-Assessment of the Condition, Suitability, and Functionality of Present Facilities, Capital Projects, or Assets****Community Development Programs**

DEED does not own or operate facilities covered by this request. This request is for programs to assist communities with infrastructure and redevelopment activities.

**Agency Process Used to Arrive at These Capital Requests****Community Development Programs**

To determine the amount of this capital request for the Redevelopment Grant Program, DEED considered grant requests from past funding cycles. Need has been demonstrated in past grant applications for the use of bond proceeds to finance costs such as public infrastructure to help support new primarily private development.

To determine the amount of funding for FY 2008, the amount of requests received the past two funding cycles and how quickly program funds were committed within that time period were taken into consideration. In the past two 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 Minnesota.

Financing by the Greater Minnesota Business Development Public Infrastructure Grant Program has and will continue to play an important role in assisting greater Minnesota cities finance expensive infrastructure necessary to compete for businesses that create jobs, increase the tax base, and expand economic development opportunities.

**Major Capital Projects Authorized in 2004 and 2005****Community Development Programs**

The Redevelopment Grant Program received \$15 million in bond proceeds from the 2005 Legislature. There were three specific projects that had funds earmarked leaving \$8.4 million to administer through the program. This is the first year the program has received bonding dollars. Since 1999 DEED received a total of 183 applications requesting over \$68 million. DEED

approved 73 grants, which are on track to create \$9.5 million in new tax base, 8,548 jobs, and 1,898 new housing units. Approximately half of the applications included bond eligible activities.

**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 Minnesota 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.

**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	Projects		Private	Tax Base	Job
		Awarded	Applications Received			
1999-2007	\$42 million	73	183	\$868 million	\$13 million	8,500+

**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 183 applications to date and has only been able to award 73 grants with the available dollars.

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**Governor's Recommendations**

The governor recommends general obligation bonding of \$20 million for this project. Also included are budget planning estimates of \$20 million in 2010 and \$20 million in 2012.

**Employment & Economic Development**

**Project Detail**

**Redevelopment Grant Program**

(\$ in Thousands)

<b>TOTAL PROJECT COSTS All Years and Funding Sources</b>	<b>Prior Years</b>	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	0	20,000	20,000	20,000	60,000
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>60,000</b>

<b>CAPITAL FUNDING SOURCES</b>	<b>Prior Years</b>	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
State Funds :					
G.O Bonds/State Bldgs	0	20,000	20,000	20,000	60,000
<b>State Funds Subtotal</b>	<b>0</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>60,000</b>
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	13,000	20,000	20,000	20,000	73,000
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
<b>TOTAL</b>	<b>13,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>133,000</b>

<b>CHANGES IN STATE OPERATING COSTS</b>	<b>Changes in State Operating Costs (Without Inflation)</b>			
	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

<b>SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS</b> (for bond-financed projects)	<b>Amount</b>	<b>Percent of Total</b>
General Fund	20,000	100.0%
User Financing	0	0.0%

<b>STATUTORY AND OTHER REQUIREMENTS</b>	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
Yes	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013



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

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

**AGENCY PROJECT PRIORITY:** 2 of 3

**PROJECT LOCATION:** Statewide

**Project At A Glance**

**BBDI Grants** provide funding – up to 50 percent 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 1:1 from non-state sources and are used to fund publicly owned infrastructure including roads, sewer and water lines. In addition, the BBDI program also allows telecommunications infrastructure, bridges, parking ramps, business incubators facilities and laboratories that support basic science and clinical research infrastructure.

The goal of the BBDI 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. Funds are available through competitive grants.

For 2008 the Department of Employment and Economic Development (DEED) requests \$10 million for BBDI. Past appropriations have leveraged an additional local match of more than \$2 for every \$1 of state investment, and nearly \$8 of private investment.

**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.

	Total Number Requested	Total Amount Requested	Number of Applications Funded	Amount Funded	Total Match from Local Government Sources	Total Private Sector Investment to Date
FY 2005	4	\$28.5 Million	4	\$18.5 Million	\$31,115,488	\$199 Million
FY 2006	7	\$11.5 Million	4	\$9,256,250	\$29,932,198	\$20 Million

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

**Bioscience Business Dev. Public Infrs. Grant Program****Project Contact Person**

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**Governor's Recommendations**

The governor recommends general obligation bonding of \$10 million for this project. Also included are budget planning estimates of \$10 million in 2010 and \$10 million in 2012.

<b>TOTAL PROJECT COSTS All Years and Funding Sources</b>	<b>Prior Years</b>	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	0	10,000	10,000	10,000	30,000
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>30,000</b>

<b>CAPITAL FUNDING SOURCES</b>	<b>Prior Years</b>	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
State Funds :					
G.O Bonds/State Bldgs	0	10,000	10,000	10,000	30,000
<b>State Funds Subtotal</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>30,000</b>
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	0	0	0	0	0
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>30,000</b>

<b>CHANGES IN STATE OPERATING COSTS</b>	<b>Changes in State Operating Costs (Without Inflation)</b>			
	<b>FY 2008-09</b>	<b>FY 2010-11</b>	<b>FY 2012-13</b>	<b>TOTAL</b>
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

<b>SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS</b> (for bond-financed projects)	<b>Amount</b>	<b>Percent of Total</b>
General Fund	10,000	100.0%
User Financing	0	0.0%

<b>STATUTORY AND OTHER REQUIREMENTS</b>	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
Yes	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013

**Greater MN Business Dev. Public Infrs. Grant Pgm.**

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

**AGENCY PROJECT PRIORITY:** 3 of 3

**PROJECT LOCATION:** Greater Minnesota communities

**Project At A Glance**

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

**Project Description**

Minnesota Statute 116J.431, the Greater Minnesota 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 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 Greater Minnesota 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. The Department of Employment and Economic Development (DEED) currently delivers the program to greater Minnesota communities 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.

For 2008 DEED requests \$20 million for the Greater Minnesota Business Development Public Infrastructure Program. There has been increasing demand for the program since its inception in FY 2004. Program funds have leveraged an additional \$4 for every \$1 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 sought for 2008, 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 three 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 Minnesota (see chart below).

	Number of Applications	Total Amount Requested	Number of Applications Funded	Amount Funded	Number of Jobs created*	Total Investment*
FY 2004	40	14,422,043	27	7,500,000	478	38,063,039
FY 2005	32	13,968,457	26	10,000,000	1,158	23,667,726
FY 2006	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 Minnesota 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.

**Project Contact Person**

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**Governor's Recommendations**

The governor recommends general obligation bonding of \$20 million for this project. Also included are budget planning estimates of \$20 million in 2010 and \$20 million in 2012.

# Employment & Economic Development

## Greater MN Business Dev. Public Infrs. Grant Pgm.

# Project Detail

(\$ in Thousands)

TOTAL PROJECT COSTS All Years and Funding Sources	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
1. Property Acquisition	0	0	0	0	0
2. Predesign Fees	0	0	0	0	0
3. Design Fees	0	0	0	0	0
4. Project Management	0	0	0	0	0
5. Construction Costs	35,000	35,000	35,000	35,000	140,000
6. One Percent for Art	0	0	0	0	0
7. Relocation Expenses	0	0	0	0	0
8. Occupancy	0	0	0	0	0
9. Inflation	0	0	0	0	0
<b>TOTAL</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>35,000</b>	<b>140,000</b>

CAPITAL FUNDING SOURCES	Prior Years	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
State Funds :					
G.O Bonds/State Bldgs	17,500	20,000	20,000	20,000	77,500
<b>State Funds Subtotal</b>	<b>17,500</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>77,500</b>
Agency Operating Budget Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Local Government Funds	17,500	20,000	20,000	20,000	77,500
Private Funds	0	0	0	0	0
Other	0	0	0	0	0
<b>TOTAL</b>	<b>35,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>155,000</b>

CHANGES IN STATE OPERATING COSTS	Changes in State Operating Costs (Without Inflation)			
	FY 2008-09	FY 2010-11	FY 2012-13	TOTAL
Compensation -- Program and Building Operation	0	0	0	0
Other Program Related Expenses	0	0	0	0
Building Operating Expenses	0	0	0	0
Building Repair and Replacement Expenses	0	0	0	0
State-Owned Lease Expenses	0	0	0	0
Nonstate-Owned Lease Expenses	0	0	0	0
Expenditure Subtotal	0	0	0	0
Revenue Offsets	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in F.T.E. Personnel	0.0	0.0	0.0	0.0

SOURCE OF FUNDS FOR DEBT SERVICE PAYMENTS (for bond-financed projects)	Amount	Percent of Total
General Fund	20,000	100.0%
User Financing	0	0.0%

STATUTORY AND OTHER REQUIREMENTS	
Project applicants should be aware that the following requirements will apply to their projects after adoption of the bonding bill.	
No	MS 16B.335 (1a): Construction/Major Remodeling Review (by Legislature)
No	MS 16B.335 (3): Predesign Review Required (by Administration Dept)
No	MS 16B.335 and MS 16B.325 (4): Energy Conservation Requirements
No	MS 16B.335 (5): Information Technology Review (by Office of Technology)
Yes	MS 16A.695: Public Ownership Required
Yes	MS 16A.695 (2): Use Agreement Required
Yes	MS 16A.695 (4): Program Funding Review Required (by granting agency)
Yes	Matching Funds Required (as per agency request)
Yes	MS 16A.642: Project Cancellation in 2013