

**Employment & Economic Development** **Projects Summary**  
(\$ in Thousands)

Project Title	2010 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations 2010	Governor's Planning Estimate	
		2010	2012	2014	Total		2012	2014
Greater MN Business Dev. Public Infrs. Grant Pgm.	1	\$30,000	\$30,000	\$30,000	\$90,000	\$0	\$0	\$0
Redevelopment Grant Program	2	20,000	20,000	20,000	60,000	0	0	0
<b>Total Project Requests</b>		\$50,000	\$50,000	\$50,000	\$150,000	\$0	\$0	\$0

**2010 STATE APPROPRIATION REQUEST:** \$30,000,000

**AGENCY PROJECT PRIORITY:** 1 of 2

**PROJECT LOCATION:** Greater Minnesota communities

**Project At A Glance**

**BDPI Grants** provide funding – up to 50 percent of eligible capital costs - to cities in Minnesota to assist them in funding public infrastructure vital for business expansion and having the capacity to capture job creating or saving opportunities when they arise.

**Project Description**

DEED is proposing to combine the Greater Minnesota Business Development Public Infrastructure Grant Program (BDPI) with the BioBusiness Development Public Infrastructure Grant Program (BBPI) into a single program with priority given to bioscience projects, but keeping the broad goals and eligibility under BDPI and BBPI in place. First, make it a statewide program with higher limits for the very large projects with high infrastructure costs and substantial private jobs creating investments. Second, combine the eligible activities of both programs into a single program with additional weight to be given to the bioscience projects in rating the project.

Minnesota Statute 116J.431, the Greater Minnesota Business Development Public Infrastructure Grant Program (BDPI), provides grants to eligible cities and counties 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. From July 2008 to February 2009 (8 months), DEED received 38 requests for \$9,455,800 and awarded all the \$6,730,000 that was available under the program to 27 projects creating 370 jobs with a total investment of over \$28.5 million.

Minnesota Statute 116J.435, the BioBusiness Development Public Infrastructure Grant Program (BBDI), provides grants to eligible cities and higher education institutions 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 both programs is to keep or enhance jobs to increase local tax base, and to encourage significant private investment that expand economic development opportunities. Bioscience is limited to the med-tech and bioscience industries. Funds are available through competitive grants. The new program will accept applications at any time, but only when a project is ready to construct. To generate jobs as the opportunities become available and are ready to commit, DEED needs to have adequate funding to capture them over the full two year capital budget period and not just 6 to 8 months out of every two years.

**Previous Appropriations for this Project**

From 2003-06 the BDPI program received \$25,250,000, which funded 75 projects creating 2000 jobs with a total investment in excess of \$100 million. In 2008, DEED received \$7,000,000 and funded 27 projects in 8 months with commitments to create 370 jobs and a total investment of \$28.5 million. This program has an outstanding return on investment.

The previous appropriations for BBDI include \$9 million in 2008, \$10 million in 2006, and \$18.5 million in 2005. Part of the 2005 funding was used to help develop the public infrastructure related to Medtronic in Mounds View, which included \$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 at 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

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

bioscience business incubator facility that will support technology transfer and new business development.

**Other Considerations**

Providing infrastructure within undeveloped industrial parks is critical in stimulating private investment and maintaining healthy, vital communities throughout greater Minnesota. By merging these two programs and adequately funding the new program over the next two years, it will provide DEED with a significant tool to help provide opportunities to compete for businesses that create jobs, increase the tax base and expand economic development opportunities that is critical in revitalizing the state's economy.

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**Governor's Recommendations (To be completed by MMB at a later date)**

**Redevelopment Grant Program**

**2010 STATE APPROPRIATION REQUEST:** \$20,000,000

**AGENCY PROJECT PRIORITY:** 2 of 2

**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 authorize the Redevelopment Grant 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 Funding	Projects		Private Investment	Tax Base Increase	Job Creation
		Awarded	Applications Received			
1998-2009	\$52 million	108	235	\$2 billion	\$25 million	10,400+

**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 235 applications to date and has only been able to award 108 grants with the available dollars.

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**Redevelopment Grant Program**

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**Governor's Recommendations (To be completed by MMB at a later date)**