

**Employment & Economic Development**

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

Project Title	2012 Agency Priority Ranking	Agency Project Request for State Funds (\$ by Session)				Governor's Recommendations	Governor's Planning Estimate	
		2012	2014	2016	Total		2012	2014
Greater Mn. Business Development Public Infrastructure Redevelopment Grant Program	1	\$10,000	\$10,000	\$10,000	\$30,000	\$0	\$0	\$0
Transportation Economic Development Program	2	15,000	15,000	15,000	45,000	0	0	0
Innovative Business Development Infrastructure	3	30,000	30,000	30,000	90,000	0	0	0
Demolition Redevelopment Loan Program	4	5,000	5,000	5,000	15,000	0	0	0
Transit Improvement Area Loan Program	5	10,000	10,000	10,000	30,000	0	0	0
<b>Total Project Requests</b>	6	\$80,000	\$80,000	\$80,000	\$240,000	\$0	\$0	\$0

**Greater Mn. Business Development Public Infrastructure**

**2012 STATE APPROPRIATION REQUEST:** \$10,000,000

**AGENCY PROJECT PRIORITY:** 1 of 6

**PROJECT LOCATION:** Statewide

**Project At A Glance**

**Business Development Public Infrastructure (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.

Of this request, \$10 million is general obligation bond financed.

**Project Description**

DEED is requesting funding for the Greater Minnesota Business Development Public Infrastructure Grant Program (BDPI) under Minnesota Statute 116J.431. This 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. Since March of 2009, BDPI has awarded 33 projects totaling \$7.6 million leveraging \$14.6 million in local contributions and created 437 jobs while retaining 1,115 existing jobs.

The goal of the program is to enhance job creation, to increase local tax base, and to encourage significant private investment that expand 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. To generate jobs as the opportunities become available and are ready to proceed, DEED needs the resources to adequately capture the opportunities over the full two year capital budget period and not just six to eight months out of every two years.

**Previous Appropriations for this Project**

From 2004-06 the BDPI program received \$25,250,000, which funded 75 projects creating 2000 jobs with a total investment in excess of \$100 million. In 2009 DEED received \$7,000,000 and funded 27 projects in eight months with commitments to create 370 jobs and a total investment of \$28.5 million. In 2010 DEED received \$10 million and funded 31 projects encumbered funds for seven more in conjunction with a joint solicitation with MnDOT to look at Transportation and Economic Development Infrastructure needs in a coordinated fashion reserving \$3.062 million. DEED received \$4 million for this program in the 2011 special session bonding bill.

**Other Considerations**

Providing infrastructure within undeveloped industrial parks is critical in stimulating private investment and maintaining healthy, vital communities throughout greater Minnesota. By having adequate funding for 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 tax base and expand economic development opportunities that is critical in revitalizing the State's economy. The demands for transportation improvements, water and sewer generated by economic development job creating projects is being addressed as a separate program for 2012 in partnership with MnDOT and the PFA.

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

**Redevelopment Grant Program**

**2012 STATE APPROPRIATION REQUEST:** \$15,000,000

**AGENCY PROJECT PRIORITY:** 2 of 6

**PROJECT LOCATION:** Statewide

**Project At A Glance**

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

Of this request, \$12 million is general obligation bond financed and \$3 million is from the General Fund.

**Project Description**

M.S. Secs. 116J.571 to 116J.575 authorizes 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 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:

<b>Years</b>	<b>Program Funding</b>	<b>Projects Awarded</b>	<b>Private Investment</b>	<b>Tax Base Increase</b>	<b>Job Creation</b>
1998-2011	\$56 million	130	\$1.5 billion	\$23 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 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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**Governor's Recommendations (To be completed by MMB at a later date)**

**Transportation Economic Development Program**

**2012 STATE APPROPRIATION REQUEST:** \$30,000,000

**AGENCY PROJECT PRIORITY:** 3 of 6

**PROJECT LOCATION:**

**Project At A Glance**

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

Of this request, \$10 million is general obligation bond financed and \$20 million is from the General Fund.

**Project Description**

The TED pilot program established in 2010 is a joint effort of the Departments of Employment and Economic Development and Transportation with assistance and coordination provided by the Public Facilities Authority. 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 the 2010 solicitation, 11 projects across the state were selected, and the program will contribute \$34 million (\$30 million in Mn/DOT trunk highway bonds; \$4 million in G.O. bonds) to leverage an additional \$18 million in private and local government revenues. The eleven selected projects will directly contribute to the creation or preservation of over 4,000 permanent “head of household” jobs statewide and facilitate significant tax base increases.

**Previous Appropriations for this Project**

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 program provided \$3 million and the Innovative Business Development Public Infrastructure Program provided \$1 million of GO bonds.

<b>Years</b>	<b>Program Funding</b>	<b>Projects Awarded</b>	<b>Private Investment</b>	<b>Tax Base Increase</b>	<b>Job Creation</b>
2010	\$34 million	12	\$18 million		4,000+

**Other Considerations**

In its initial solicitation for proposals, an additional 23 projects requesting \$83 million of financing for \$280 million worth of projects were not funded due to limited funds. Communities across the state have all indicated their overwhelming support for continuing this program beyond its one-time 2010 pilot program.

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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**Transportation Economic Development Program**

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

**Innovative Business Development Infrastructure**

**2012 STATE APPROPRIATION REQUEST:** \$5,000,000

**AGENCY PROJECT PRIORITY:** 4 of 6

**PROJECT LOCATION:**

**Project At A Glance**

Innovative Business Development Infrastructure (IBDI) Grants provide funding – up to 50 percent of eligible public infrastructure costs related to innovative high-tech, bioscience, and medical technology business development investments statewide.

Of this request, \$3 million is general obligation bond financed and \$2 million is from the General Fund.

**Project Description**

M.S. Sec. 116J.435, the Innovative Business Development Infrastructure Grant Program (IBDI), 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 2012 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, 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, \$18.5 million in the 2005 bonding bill and \$5 million in the 2011 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. Since then the following activity has occurred:

FY	Amount	Number	Local Match
	Awarded		Amount
	(million)	Funded	(millions)
2007	2.2	4	3.6
2008	4.1	2	.6
2009	2.2	2	2.7
2010	2.9	3	52.3
2011	3.8	7	11.2

**Other Considerations**

The request for a combination of General Fund and General Obligation funding is due to the private activity and ability to build incubators and laboratories for specific businesses, even though they are publically owned, raises issues related to tax-exempt bonding. Given the program is specifically designed for the high paying, highly skilled and educated



**Innovative Business Development Infrastructure**

workforce, 40% general fund and 60% general obligation bonds will maximize the state's ability to capture rare opportunities.

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

**Demolition Redevelopment Loan Program**

**2012 STATE APPROPRIATION REQUEST:** \$10,000,000

**AGENCY PROJECT PRIORITY:** 5 of 6

**PROJECT LOCATION:**

**Project At A Glance**

This would provide additional funds to the Redevelopment Grant Program to assist with demolition activities.

Of this request, \$10 million is from the General Fund.

**Project Description**

The Redevelopment Grant Program is a successful program used where there are costly detriments to site development at previously developed sites, and the need to level the playing field between those properties and vacant properties exist. There is also an untapped need for assistance with demolition and other redevelopment activities when there is no current development plan or future development visions are hindered by current blight. In some cases, hazardous conditions or other public safety factors may be a community's immediate concern. For these sites, we would like to amend the existing Redevelopment Grant Program statute to be able to offer demolition loans. These loans would assist with demolition activities and would then be positioned for redevelopment. Loans could be partially converted to grants when a development occurs. The request is to fund the existing Redevelopment Grant Program with general fund dollars for these activities and include the demolition loan language into the existing statute.

**Previous Appropriations for this Project**

N/A

**Other Considerations**

The need for this additional financing option has been voiced by many communities throughout the state, especially in Greater Minnesota. We have identified over 30 projects, totaling over \$18 million in demolition loan need.

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**Transit Improvement Area Loan Program**

**2012 STATE APPROPRIATION REQUEST:** \$10,000,000

**AGENCY PROJECT PRIORITY:** 6 of 6

**PROJECT LOCATION:**

**Project At A Glance**

The Transit Improvement Area Loan Program helps local authorities designate tracks of land near transit stations that support bus rapid, commuter or light rail transit and provide funding to stimulate new commercial and residential developments in those areas.

Of this request, \$5 million is general obligation bond financed and \$5 million is from the General Fund.

**Project Description**

M.S. Secs. 469.35 – 469.351 authorize the Transit Improvement Area Loan Program which was created for the purpose of providing financial assistance in the form of a grant or loan to local governments and local development agencies to perform redevelopment activities around transit stations that submit and receive designation as a Transit Improvement Area by DEED. Funding would stimulate new commercial and residential developments around transit stations. Program bond funds can be used for public improvements that are conducted on publicly owned land.

The redevelopment of previously developed land along our transit corridors is critical to sustaining private and public investments in our communities and providing additional economic development opportunities. The Transit Improvement Area (TIA) Loan Program will use bond funds to make grants to clear previous development, install updated infrastructure and stimulate private reinvestment within a ½ mile radius of approved TIA transit stations 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 Transit Improvement Area Loan Program was created in statute by the 2008 Legislature. The program has never received an appropriation. However, the demand for the program is great, and in response DEED has implemented the section of the program that allows for the designation of Transit Improvement Areas. To date, DEED has designated 52 TIAs around various transit stations on bus rapid transit, light rail and commuter rail lines.

**Other Considerations**

Financing provided by the Transit Improvement Area Loan Program is an important element in helping communities finance expensive redevelopment projects along transit corridors, allowing communities to remain economically competitive. The Transit Improvement Area Loan Program is a necessary tool and will help capitalize on federal funds secured in Minnesota to assist with the development of light rail, bus rapid transit and commuter rail.

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