

Host Community Economic Development Grants Program

Annual Report to the Legislature

As required by Minnesota Statute 116J.548, Subd. 5

February 2016

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Total costs of salaries, printing and supplies in developing/preparing this report is \$150 (estimated cost)
(reported as required by Minn. Stat. 3.197)

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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 of eligible 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 \$1,662,500 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 2015 that Burnsville and Inver Grove Heights were still the only eligible communities.

Grants Awarded under Minnesota Statutes 116J.548

In 2015 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 \$537,500. Below are details on each of the awarded grants:

1) *City of Burnsville – DFT Industrial Park/Cliff Interchange Improvement/Dupont Road Improvement - \$346,250 (Awarded June 25, 2015)*

The city of Burnsville will use these grant funds for road improvements on Dupont Road and at the interchange of Cliff Road and 35W. These improvements will support the development of a 57,000 square foot office/warehouse facility by providing better access to the site. The city estimates that the proposed development will increase tax revenue by over \$70,000 per year, create 12 new permanent jobs, and retain 13 jobs.

These improvements will also support the city's longer term development plans within the Minnesota River Quadrant (MRQ), which encompasses the 35W interchange, the proposed development site, and the surrounding area. Though the full redevelopment of the MRQ will not be complete until the Burnsville Sanitary Landfill and Kraemer Quarry cease operations in 15-20 years, the city estimates that the redevelopment could result in over \$20M of increased tax revenue per year and the creation of many permanent jobs.

2) *City of Inver Grove Heights – McPhillips Property - \$191,250 (Awarded June 30, 2015)*

The city of Inver Grove Heights will use these grant funds to acquire 7 parcels with useable acreage of 4.45. Of the 7 parcels within the site, 2 contain single family homes and the rest are industrial parcels that have been vacant, or used for outdoor storage and material stockpiling. The city plans to sell the parcels as a single site to a developer who will construct approximately 30,000 square feet of light industrial space. The site falls within the area covered by the city's Concord Boulevard Neighborhood Master Plan and is adjacent to the property acquired with Host Community grant funds in 2014, which is also slated for development.

The city estimates that the light industrial development, once complete, will generate almost \$58,000 in additional taxes per year and create 15 new permanent jobs. Construction of the development is expected to be complete by 2018.

Use of Remaining Funds

DEED has \$831,250 in FY16 funds to award before June 30, 2016. An additional \$831,250 in FY17 funds will be available after that date. Applications for the FY16 funds are due to DEED by May 13, 2016, and DEED will divide the funds as evenly as practicable based on eligible costs within the applications submitted.