

**TO: Honorable Mayor and City Council**

**FROM: City Administrator Ron Johnson**

**SUBJECT: Authorize Submittal of Transportation Economic Development (TED) Program Application**

**DATE: August 27, 2015**

**BACKGROUND**

The TED program may be a source of funding the Highway 52 overpass. The program's purpose is to fund construction, reconstruction, and improvement of state and local transportation infrastructure in order to:

- create and preserve jobs
- improve the state's economic competitiveness
- increase the tax base
- accelerate transportation improvements to enhance safety and mobility
- promote partnerships with the private sector

The program provides state funding to close financing gaps for transportation infrastructure improvement construction costs. These improvements will enhance the statewide transportation network while promoting economic growth through the preservation or expansion of an existing business--or development of a new business.

Applications are due 9/25. Staff is researching the potential preservation and creation of jobs and tax base increase that may be created as a result of constructing the overpass. In the event that we find a project or projects that propose economic development that meets the TED requirements we will work to finalize and submit the application.

SEH has worked on these applications previously and was asked for a proposal to assist with submittal of this potential application and that information will be presented at, or prior to, the Council meeting.

**REQUESTED COUNCIL ACTION**

Authorize staff to continue to evaluate the feasibility of preparing and submitting a competitive application for TED funding and authorize SEH to assist us pursuant to their proposal.

Attachment(s): TED information sheet



## **2015 Transportation Economic Development Program**

### ***Solicitation Notice***

#### **Introduction**

Contained in this document are the requirements and guidance for applying for funding through the 2015 Transportation Economic Development (TED) Program. The TED program is a joint effort of the Minnesota Departments of Transportation (MnDOT) and Employment and Economic Development (DEED). The program's purpose is to fund construction, reconstruction, and improvement of state and local transportation infrastructure that creates and preserves jobs, improves the state's economic competitiveness, increases the tax base, accelerates transportation improvements to enhance safety and mobility, and promotes public private partnerships. The program provides state funding to close financing gaps for transportation infrastructure improvement construction costs that will enhance the statewide transportation network, while promoting economic growth through the preservation or expansion of an existing business or development of a new business.

A total of approximately \$30 million is available through the 2015 TED program solicitation. This includes approximately \$28 million in MnDOT trunk highway funds and approximately \$2 million of DEED general obligation bond funding. The two funding sources have different restrictions and allowable uses. The MnDOT funds can only be used to fund improvements to the trunk highway network. However, the DEED bonds cannot be used for improvements to the trunk highway. DEED funds can be used for improvements to public infrastructure (including streets) that is not part of the trunk highway network. MnDOT and DEED reserve the right to not award all available funding during this solicitation.

Greater Minnesota project proposals will compete for funding only with other proposed Greater Minnesota projects. Project proposals from the seven county metropolitan area will be separately evaluated and ranked.

The maximum award provided to any one project in this solicitation will be \$10 million. Applicants are required to identify other public and/or private funding sources that will be leveraged to contribute to the transportation construction cost of the project proposed. The TED program will provide funding for up to 70% of the total transportation infrastructure cost of the project or the state's maximum allowable share as determined by MnDOT's cost participation

policy<sup>1</sup> or DEED policy, whichever is less. **Applicants are strongly encouraged to consult with their MnDOT district office in deriving appropriate cost share estimates.**

*(Note: Project selection and distribution of funding through the Transportation Economic Development Program will fully comply with all relevant state laws and policies, including those relating to project cost share distribution, eligible improvements, geographical distribution of funds, and maximum awards.)*

The tentative schedule for selecting projects will be as follows:

- July 27, 2015: Solicitation announcement distributed
- July 28–September 25, 2015: Applications prepared (MnDOT and DEED offer guidance)
- August 11-20, 2015 TED program informational sessions (see schedule below)
- September 25, 2015: Applications due to MnDOT
- December 2015: Projects selected and approved
- January – December 2016: Project status monitored by MnDOT and DEED to develop final cost-share agreements, ensure progress and program compliance

### **Eligible Applicants and Projects**

Eligible applicants must be governmental entities as defined by state law. Although private entities are not currently eligible for direct Transportation Economic Development program financing, they may enter into agreements with eligible applicants to request funding for eligible public transportation projects. **Project applicants are advised that local port authorities, economic development authorities, housing and redevelopment authorities and other agencies who specialize in economic development will also be receiving this solicitation notice and are likely to be well-positioned to identify and propose projects with a higher likelihood of generating measurable economic benefits.** Applicants are strongly encouraged to contact those agencies and work together to identify potential eligible projects.

The program specifically targets transportation improvements that will lead to economic growth in industries that supply high wage jobs. For a project to be eligible, it must support one or more of the following industries: manufacturing, technology, warehousing and distribution, research and development, agricultural processing, bioscience, or tourism/recreation. Projects that support industrial park development or mixed-use or commercial development are also eligible for the program. Housing and retail development cannot be the primary beneficiary of projects.

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<sup>1</sup> MnDOT Policy FM011 - <http://www.dot.state.mn.us/policy/financial/fm011.html>

## **Application Process**

The 2015 TED program application requires completion of a form (enclosed) that incorporates both eligibility criteria and prioritizing criteria. The information requested is intended to provide program evaluators with sufficient information to determine project eligibility and its appropriate funding source; to effectively rank projects; to assess a project's appropriate cost share percentages, and to determine the TED program funding amount to be awarded.

The TED program is responsive to the legislature's stated objective that the economic development resulting from these transportation infrastructure improvements should occur as soon as possible. Therefore, projects that can be delivered earlier will score better than projects with a longer delivery schedule, all else being equal.

After projects are selected for funding, program staff at MnDOT and DEED will continue to work closely with project sponsors to ensure that project pre-development activities such as project financing, right-of-way acquisition and environmental permitting proceed on schedule. In addition, final cost sharing agreements will be completed based on an analysis of project elements and the MnDOT cost participation policy. This analysis could change the amount of the TED grant awarded to selected projects. Selected project sponsors will be expected to provide regular progress reports to MnDOT and DEED staff. If an applicant fails to demonstrate adequate progress during the project's pre-development phase, or if the ultimate award allowable does not "close the funding gap" on the proposed project, funding may be withdrawn and allocated to another project.

The Minnesota Department of Transportation and/or Department of Employment and Economic Development may require grantees to report annually on the economic benefits of the proposed project. The reporting may include requests for jobs created and retained, increases in tax base, and property development. This and other reporting may be required until the State of MN determines full economic benefit of the project has been reached. Information sessions on the program and the application process will be held at eight locations throughout the state. Session location dates and times are listed below.

<b>Date</b>	<b>City</b>	<b>Location</b>	<b>Time</b>
August 11	Detroit Lakes	MnDOT District 4 Office 1000 Highway 10 West Detroit Lakes, MN 56501	10:00 AM-Noon
August 12	Mankato	MnDOT District 7 Office 2151 Bassett Drive Mankato, MN 56001	10:00 AM- Noon
August 13	Brainerd/Baxter	MnDOT District 3 Office 7694 Industrial Park Rd. Baxter, MN 56425	10:00 AM- Noon
August 13	Bemidji	MnDOT District 2 Office 3920 Highway 2 West	2:00 PM – 4:00 PM

		Bemidji, MN 56601	
August 14	Duluth	MnDOT District 1 Office 1123 Mesaba Ave. Duluth, MN 55811	10:00 AM-Noon
August 17	Rochester	MnDOT District 6 Office 2900 48th Street NW Rochester, MN 55901	10:00 AM-Noon
August 19	Roseville	MnDOT Waters Edge Building 1500 W. County Road B-2 Roseville, MN 55113	1:00 PM- 3:00 PM
August 20	Willmar	Kandiyohi County Health and Human Services Building, 220 23 <sup>rd</sup> Street NE, Willmar, MN 56201	10:00 AM- Noon

Questions regarding this solicitation may be directed to Ken Buckeye at MnDOT's Office of Finance, [kenneth.buckeye@state.mn.us](mailto:kenneth.buckeye@state.mn.us), 651-366-3737, Philip Schaffner at MnDOT's Office of Transportation System Management, [philip.schaffner@state.mn.us](mailto:philip.schaffner@state.mn.us), 651-366-3743, or Jeremy LaCroix at DEED, [jeremy.lacroix@state.mn.us](mailto:jeremy.lacroix@state.mn.us), 651-259-7457.

*Application Submission Instructions:*

Applications must be submitted electronically to Ken Buckeye at [kenneth.buckeye@state.mn.us](mailto:kenneth.buckeye@state.mn.us). Applicants will receive confirmation of their submission.

Applications must be received by 5:00 p.m. on Friday, September 25, 2015.