



# Minnesota's Transportation Economic Development (TED) Pilot Program

Center for Transportation Studies  
Transportation Research Conference  
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# Transportation Role in Economic Development

- Carefully targeted transportation infrastructure improvements will:
  - Stimulate new economic development and business expansion
  - Create and retain jobs
  - Increase state and local tax base
  - Provide better/safer access to markets
  - Provide more opportunities for employers/employees
  - Improve livability and sustainability



# Mn/DOT's commitment to Economic and Community Development

- “Transportation is critical in supporting economic vitality and quality of life in Minnesota.”
  - *1<sup>st</sup> sentence in the Minnesota Statewide Transportation Policy Plan 2009-2028*



# Mn/DOT's commitment to Economic and Community Development

- Support local efforts to increase jobs, expand housing, and improve community livability through more coordinated planning, complementary design and timely communication among land use and transportation authorities.
  - *Policy 8 of Minnesota Statewide Transportation Policy Plan 2009-2028*



# “Traditional” Economic Development and Transportation Infrastructure Funding Sources

- Federal STP, Enhancements, CMAQ
- Department of Commerce Economic Development Administration - Public Works and Development Facilities Program
- USDA Community Facilities programs
- State DEED Programs
- State and local funding from HUTDF
- State bonding
- Local Road Improvement Program
- Transportation Revolving Loan Fund

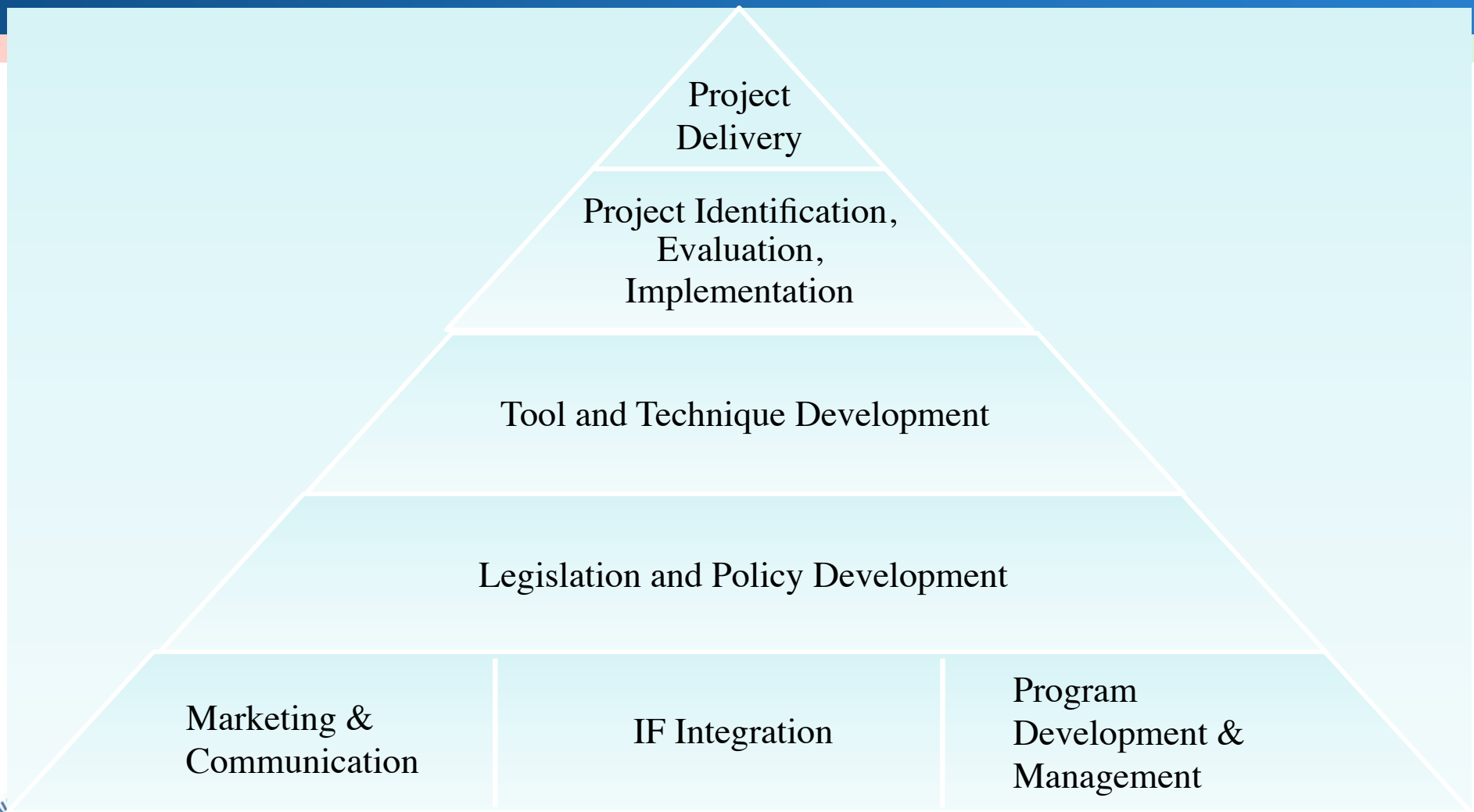


# Transportation Economic Development (TED) Program Overview

- New collaboration between MnDOT, DEED, and the Public Facilities Authority for highway improvement projects that support economic development.
- Provides up to 70% of construction costs, subject to state cost participation policy limits
- Selected projects that will assist development of new business or expanding existing businesses
  - Target industries: manufacturing, technology, warehousing and distribution, research and development, agricultural processing, bioscience, tourism/recreation, or does it support industrial park development or mixed use-high density multimodal development
- Selected projects that will improve the statewide transportation network



# TED Program – An element of Mn/DOT's Innovative Finance Initiative



# Fundamental rationale for TED program:

- Funding gaps are a fact of life.
- A new financing paradigm is required to narrow the gap between needs and available resources.
- A specific program recognizing the connection between transportation infrastructure and economic viability can result in broad societal benefits.





# TED Program Particulars

- Any governmental entity may apply
- \$10 Million maximum award
- Up to 70% of total infrastructure project costs
  - Max grant could be less based on state law and policies, i.e. Mn/DOT “cost participation” policy
- Remaining funds may come from private and other sources

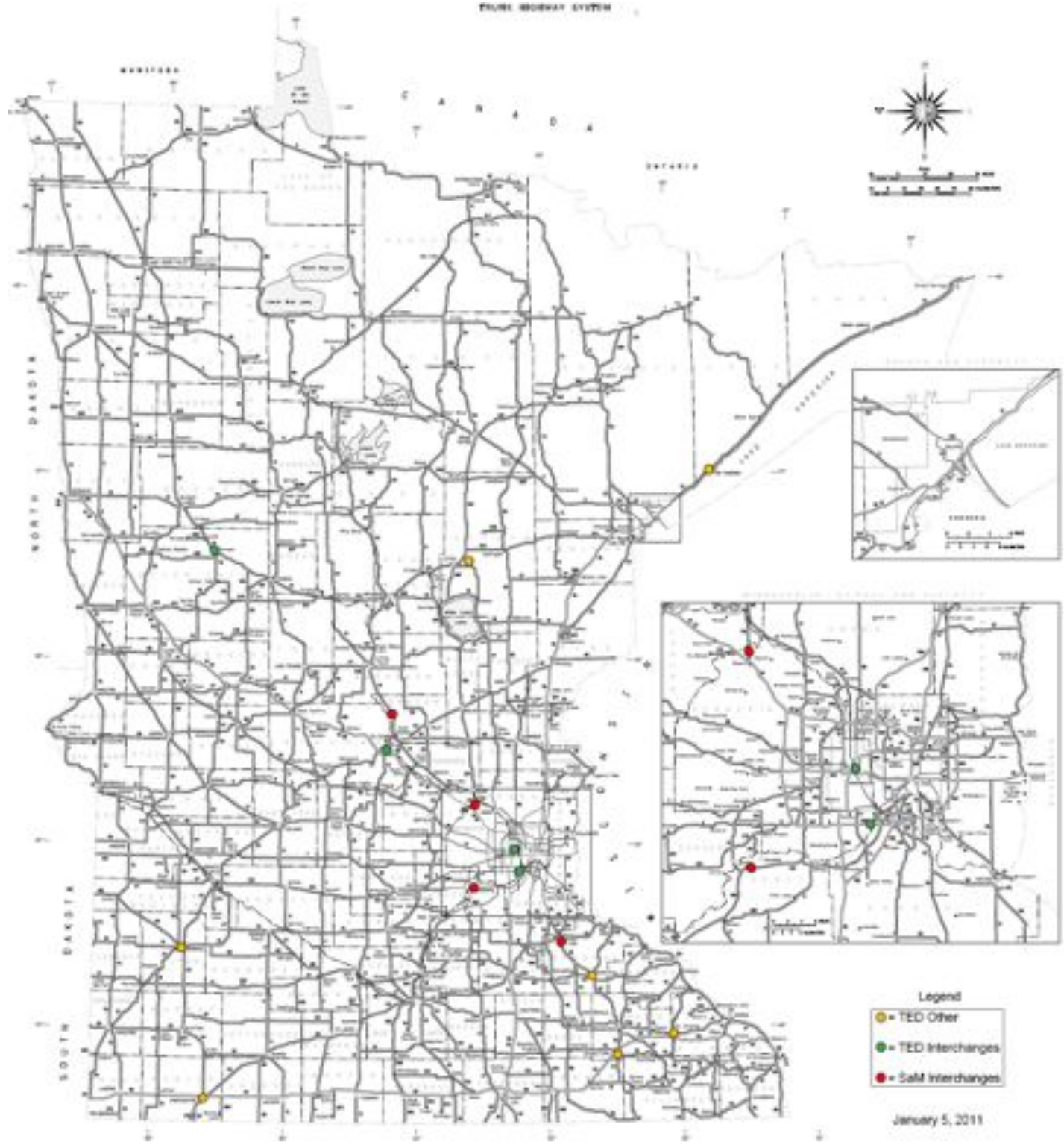


# TED Phase 1 Projects Selected

Community	Project Description	2010 Awards	Total Project Cost	5 Yr Job Estimate
St. Charles	I-90 & CSAH 74 Industrial Park	\$ 570,000	\$ 2,600,000	45
Zumbrota	VersaCold/Hwy. 52 & CSAH 68 Reconstruction	\$ 1,148,225	\$ 2,296,450	25
Two Harbors	North Shore Manufacturing Hwy 61 Access	\$ 1,002,000	\$ 1,690,000	125
Worthington	I-90 & Hwy. 59 expansion for Bus./Ind. Park	\$ 3,300,000	\$ 4,720,000	450
Marshall	Hwy 68 & Lake Road Industrial Park	\$ 575,000	\$ 822,500	75
Aitkin County	American Peat Co. CSAH 5 Reconstruction	\$ 138,750	\$ 555,000	4
Stewartville	Hwy. 63 Business Park Expansion	\$ 400,000	\$ 1,610,000	250
Perham	Hwy. 10 & CSAH 34 Interchange	\$ 3,997,480	\$ 6,711,762	280
St. Cloud	Hwy. 15 & 33rd St. Interchange	\$ 8,400,000	\$ 12,000,000	165
Bloomington	I-494 & 34th Avenue Interchange	\$ 4,200,000	\$ 6,000,000	3,264
Minneapolis	I-35W & 4th St. Interchange	\$ 9,358,375	\$ 13,488,000	170
<b>TOTAL</b>		<b>\$ 33,089,830</b>	<b>\$ 52,493,712</b>	



TRUCK HIGHWAY SYSTEM



- Legend
- = TED Other
  - = TED Interchanges
  - = S&M Interchanges

January 5, 2011

# TED Funding

- 2010 Program: \$39 million
  - \$30 million state trunk highway bonds legislatively designated for interchanges
  - \$5 million general trunk highway bonds which can be spent on any projects
  - \$3 million through the Greater Minnesota Business Development Public Infrastructure (BDPI) Program
  - \$1 million through the Innovative BDPI Program



# What do we mean by “private sources”?

- Initially, most private investment will be voluntary contributions by private enterprises or local/private partnerships
  - q voluntary capital construction cost participation
  - q ROW donation
  - q tax increment financing
  - q negotiated exactions
- Eventually, new authority for “value capture” strategies could be employed:
  - q transportation improvement districts
  - q Assessments
  - q Transportation utility fees



# Funding Overview – Geographic Distribution

## \$70M TH Bonds - Interchanges

- \$30 M TED
- \$40 M SAM
- Total \$70M to be distributed 50% metro -50% gr. Minn.

## \$5 M TH Bonds - Uncommitted

- All \$5M TED
- No geographic distribution requirements

## \$4M G.O. Bonds -DEED programs

- \$3M Greater Minnesota Business Development Public Infrastructure program – must be spent in gr. Minn.
- \$1M Innovative Business Development Public Infrastructure program – No geographic distribution requirements



# Examples:

- Penn Ave and I-494 – Bloomington  
\$21 million for interchange providing direct access to Best Buy headquarters  
State, City, and private participation (Best Buy)
- Bren Road and TH 169 – Minnetonka  
Interchange access to Opus Business Park (United Health Group)  
Potential for ~4,000 new high paying jobs



# Other State Departments of Transportation have similar programs...

- Iowa - Revitalize Iowa's Sound Economy (RISE) program
- Wisconsin – Transportation Economic Assistance (TEA) Program
- Illinois – Economic Development program (EDP)
- Michigan – Transportation Economic Development Fund (TEDF)
- Massachusetts – Public Works Economic Development (PWED) program.





# What's Next?

- Another TED solicitation could be in the works for 2011. Stay tuned.



# Thanks very much!

Matt Shands  
Mn/DOT Office of Policy Analysis Research  
and Innovation  
TED Program Coordinator  
(651) 366-4893  
[matt.shands@state.mn.us](mailto:matt.shands@state.mn.us)

