



**CITY OF ST. FRANCIS, MINNESOTA
BUSINESS SUBSIDY POLICY**

1) PUPOSE

This document sets forth the business subsidy policy and the specific criteria to be considered by the City of St. Francis (City) and the St. Francis Economic Development Authority (EDA) in evaluating requests for business subsidies. In adopting these criteria, it is the intent of the City and EDA to comply with Minnesota Statutes, Sections 116J.993-116J.995 as amended (the Act). The City and EDA hereby adopt the definitions contained in the Act for application of the criteria, and they are incorporated herein by reference. The City and the EDA have each adopted this policy and these criteria after a public hearing in accordance with the Act. Henceforth in this document the term “City” includes both the City and the EDA unless otherwise designated.

2) GOALS OF THIS POLICY

It is the City’s intent to advance the following goals and objectives in granting business subsidies:

- a. It is the goal of the City to provide business subsidies that are consistent with the City of St. Francis Comprehensive Plan and other plans and guides adopted by the City to guide development of the community.
- b. It is the goal of the City to provide business subsidies that are consistent with the Act, including;
 - i. The project for which the business subsidy is being provided must have a “public purpose”, including but not limited to, the public purposes stated in Section III below.
 - ii. The recipient must enter into a business subsidy agreement with the City that is consistent with the Act.
 - iii. The recipient must commit to remain in the site for which the business subsidy was granted for at least five (5) years from the benefit date (as defined in the Act).
 - iv. The business subsidy agreement sets forth the finding relative to the criteria contained herein, and any specific job, wage, property valuation or other goals established with respect to the business subsidy.

3) BUSINESS SUBSIDY CRITERIA

The following criteria shall be utilized in evaluating a request for a business subsidy. However, that an applicant meets these criterial does not create a contractual right to a business subsidy. The City may at any time and at its own discretion modify these criteria as permitted by the Act.

- a. *Increase in Tax Base.* The Act provides that an increase in tax base cannot be the sole basis for granting a business subsidy, however, the City considers an increase in tax base is a critical factor in granting a business subsidy. The City may consider a specific goal for tax base increase in connection with a specific request for assistance.

- b. *Job Creation.* The applicant will be required to demonstrate that the proposed project will create the maximum number of jobs feasible in light of the project type and site. Jobs to be created may include jobs that will be retained within the City of St. Francis, but only with a demonstration by the applicant that, absent the business subsidy, the job losses would be specific and demonstrable. If, after the public hearing, the City determines that the creation or retention of jobs is not a goal of the specific project, the job creation goal may be set at zero (0).
- c. *Wages.* New jobs to be created by the project must pay at least 200% of the federal minimum wage exclusive of benefits. Jobs to be retained may not be required to meet the above wage standard. After the public hearing the City may establish wage goals for new jobs to be created that vary from the standard above, and which consider the following additional factors:
 - i. The size of the business, and its potential to create higher paying jobs in the future;
 - ii. Prevailing local wage rates;
 - iii. Local economic conditions;
 - iv. External economic factors over which neither the City nor the recipient of the business subsidy has control
 - v. The individual financial resources of the recipient; and
 - vi. The competitive environment in which the ~~recipients~~recipient's business exists.
- d. *Other Economic or Redevelopment Goals.* If creation of jobs is determined not to be a goal of a project (and by extension wages) the proposed business subsidy must achieve specific tangible and measurable goals related to one or more of the following:
 - i. Provides a significant economic impact by means of a multiplier effect within the community;
 - ii. Results in greater economic or commercial diversity within the community;
 - iii. Contributes to the establishment or reestablishment of a critical mass of commercial/industrial development within an area of the City;
 - iv. Provides goods or services that are not currently available in the community;
 - v. Increase the range of goods or services that are available in the community;
 - vi. Encourages the growth of fast-growing businesses;
 - vii. Encourages private investment or reinvestment that results in the removal of blight or remediation of pollution;
 - viii. Supports the retention and/or adaptive re-use of building of historical or architectural significance;
 - ix. Encourages the full utilization of existing or planned public infrastructure improvements.

In granting business subsidies, the City may deviate from the criteria outlined above if a) the reasons for the deviation is documented in writing and b) reported to the Minnesota Department of Employment and Economic Development (DEED) pursuant to the Act.

4) APPLICATION PROCESS FOR BUSINESS SUBSIDIES

The applicant will complete and submit the City's Application for Business Subsidy; submit with the application ~~deposit of six thousand (\$6,000.00)~~ fees as identified in the adopted City Fee

Schedule to cover the City's administrative review costs; and provide other information which may be requested by the City. Applicant will be liable for any additional costs beyond the initial deposit as well. All materials submitted to the City in connection with a business subsidy application shall become the property of the City. The review process shall involve at least the following steps;

- a. City staff or the City's agent shall review the application materials and make a preliminary recommendation to the City Council and EDA regarding 1) the completeness of the application, 2) whether the application meets the goals of this policy, and 3) whether the application complies with the criteria established in this policy.
- b. In the event that the City Council and EDA concur with the recommendation in above, a public hearing will be set at which the City will consider a final recommendation related to the application. The final review and recommendations by City staff or the City's agency shall ~~take into account~~consider at least the following:
 - i. Applicable credit analysis;
 - ii. Financial structure of the proposed project/application;
 - iii. Legal compliance of the project/application.
- c. At the time of the scheduled public hearing, City staff or the City's agent will make a final recommendation to the City Council and EDA regarding the application. The City Council and EDA may adopt the recommendation or direct City staff or the City's agent to develop alternative information and/or alternatives for action by the City Council and EDA.

5) COMPLIANCE AND REPORTING REQUIREMENTS

- a. Any assistance that does not meet the definition of a "business subsidy" will be excluded from the requirement of holding a public hearing prior to granting a business subsidy. All assistance that meets the definition shall be subject to the requirement of a public hearing.
- b. Every recipient of a business subsidy must enter into a Business Subsidy Requirement Agreement with the City, which agreement must fulfill the requirements of the Act.
- c. Both the recipient and the City must comply with the reporting and monitoring requirements of the Act.
- d. In the event that a recipient fails within two (2) year of the benefit date as defined in the Act to meet the job and wage goals set forth in the Business Subsidy Agreement, the recipient or its successors and assigns shall be liable to repay the City the assistance plus interest. The City may prorate repayment to reflect partial fulfillment of the goals set forth in the Business Subsidy Agreement. The rate of interest charged must be set at no less than the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United State Department of Commerce.
- e. The City may, after holding a public hearing, extend the time for compliance with the Business Subsidy Agreement job and wage goals by up to one (1) year.

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