

CITY OF JACKSON
BUSINESS SUBSIDY POLICY
(Revision of the June 2004 Policy – February 11, 2014)

1. **PURPOSE:** This document sets forth the business subsidy policy and the specific criteria to be considered by the City of Jackson (City) in evaluating requests for business subsidies. In adopting these criteria, it is the intent of the City to comply with Minnesota Statutes, Section 116J.993-116J.995 as amended (the Act). The City hereby adopts the definitions contained in the Act for application of the criteria, and they are incorporated herein by reference. The City has adopted this policy and these criteria after a public hearing in accordance with the Act.

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 Jackson's 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 findings 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 criteria does not create a contractual right to a business subsidy. The City may, at any time and its own discretion, modify these criteria as permitted in 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 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 Jackson, but only with a demonstration by the applicant that, absent the business subsidy, the job loss would be specific and demonstrable. If, after the public hearing, the City determines that the creation and retention of jobs is not a goal of the specific project, the job creation goal may be set at zero (0).
- c. **Wages:** Not all jobs created by the project are considered to be business subsidy jobs. New business subsidy jobs must compensate employees (the total of wages and voluntary benefits) at a minimum the rate set by the Federal Department of Health and Human Services and utilized by MN DEED, on an annual basis for the duration of the subsidy agreement period. Jobs to be retained must 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 take into account the following additional factors:
 - i. The size of the business and its potential to create higher paying jobs in the future;
 - ii. Comparative local wage rates;
 - iii. Local economic conditions;
 - iv. External economic factors over which neither the City nor the recipient of the business subsidy have control;
 - v. The individual financial resources of the recipient; and
 - vi. The competitive environment in which the recipient's business operates.
- d. **Other Economic or Redevelopment Goals:** If creation of jobs is determined not to be a goal of the 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 a greater economic or commercial diversity within the community;
 - iii. Contributes to the establishment or re-establishment 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. Increases the range of goods and 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 buildings 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 are documents in writing, and b) the reasons for the deviation are reported to the MN Department of Employment and Economic Development (DEED) pursuant to the Act.

- IV. APPLICATION PROCESS FOR BUSINESS SUBSIDIES:** The applicant will complete and submit the City's Application for Business Subsidy, submit the appropriate business subsidy fee, and provide other information which may be requested by the City. All materials submitted to the City in connection with the business subsidy application shall become the property of the City. The review process shall involve, at least, the following steps:
- a. City staff and/or the City's agent shall review the application materials and make preliminary recommendation to the City Council regarding:
 - i. Completeness of the application,
 - ii. Whether the application meets the goals of this policy, and
 - iii. Whether the application complies with the criteria established in this policy.
 - b. In the event the City Council concurs with the recommendation in part "a" above, a public hearing will be set at which will consider a final recommendation related to the application. The final review and recommendation by City staff and/or the City's agent shall take into account, 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 and/or the City's agent will make a final recommendation to the City Council regarding the application. The City Council may adopt the recommendations or direct staff and/or the City's agent to develop alternative information and/or alternatives for action by the City Council.


V. 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 agreement with the City, which 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 a recipient fails within two (2) years 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 to the City the assistance plus interest. The City may prorate the 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 inflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce.
- e. The City may, after holding a public hearing, extend the time for compliance with business subsidy job and wage goals by up to one (1) year.

VI. EFFECTIVE DATE: This policy shall be effective upon adoption by the City Council.

Adopted this 20th day of May, 2014.

City of Jackson, Minnesota


Wayne Walter, Mayor

ATTEST:


Jennifer J. Bromeland, City Administrator

EXTRACT OF MINUTES OF A MEETING OF THE
CITY COUNCIL OF THE CITY OF
JACKSON, MINNESOTA

HELD: May 20, 2014

Pursuant to due call and notice thereof, a regular meeting of the City Council of the City of Jackson, Jackson County, Minnesota, was duly held at the City Hall on Tuesday, the 6th of May, 2014, at 6:30 o'clock p.m. for the purpose, in part, of calling a public hearing on the adoption of business subsidy criteria.

The following Councilmembers were present: Aldermen Fred Bern, Dennis Hunwardsen, Chris Vee, Donnie Schoenrock and Dave Cushman.

and the following were absent: Alderman Ken Temple

Councilmember Schoenrock introduced the following resolution and moved its adoption;

RESOLUTION No. 39-414
RESOLUTION CALLING PUBLIC HEARING ON
THE PROPOSED ADOPTION OF BUSINESS SUBSIDY CRITERIA

BE IT RESOLVED by the City Council (the "Council") of the City of Jackson, Minnesota (the "City"), as follows:

1. Public Hearing. This Council shall meet on Tuesday, May 20, 2014, at approximately 6:30 p.m. to hold a public hearing on the proposed adoption of business subsidy criteria, in accordance with the requirements of Minnesota Statutes 116J.993 through 116J.995

2. Notice of Hearing. The City Administrator is hereby authorized to cause a notice of the hearing, substantially in the form attached hereto as Exhibit A, to be published as required by the Act and to place a copy of the proposed modified Business Subsidy Criteria on file in the City Administrator's Office at City Hall and to make such copies available for inspection by the public.

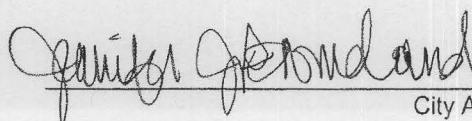
The motion for the adoption of the foregoing resolution was duly seconded by Councilmember Hunwardsen and upon vote being taken thereon, the following voted in favor: Aldermen Fred Bern, Dennis Hunwardsen, Chris Vee, Donnie Schoenrock and Dave Cushman.

and the following voted against the same: none

Whereupon said resolution was declared duly passed and adopted.

STATE OF MINNESOTA)
CITY OF JACKSON) SS.
COUNTY OF JACKSON)

I, the undersigned, being the duly qualified and acting Administrator of the City of Jackson, Minnesota, DO HEREBY CERTIFY that the attached resolution is a true and correct copy of an extract of minutes of a meeting of the City Council of the City of Jackson, Minnesota duly called and held, as such minutes relate to the calling of a public hearing on the adoption of the City's business subsidy criteria.



City Administrator