

**CITY OF ST. MICHAEL
RESOLUTION NO. 10-23-07-11**

A RESOLUTION ADOPTING A BUSINESS SUBSIDY CRITERIA POLICY

WHEREAS, the City Council finds that it is in the interest of the City of St. Michael to provide business subsidies to increase the tax base, create or retain jobs, enhance economic diversity, stimulate economic development, encourage investment in redevelopment areas, or to facilitate the reuse of substandard buildings or blight, environmental clean-up, or the relocation of uses that are not in conformity with the City's Comprehensive Plan or Zoning Ordinance;

WHEREAS, the State of Minnesota requires cities to adopt Business Subsidy Criteria Policy;

WHEREAS, the Business Subsidy Criteria Policy will serve as a guide in processing and reviewing applications requesting business subsidies.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of St. Michael, hereby approves and adopts the policy following on Exhibit A, Business Subsidy Criteria dated October 23, 2007;

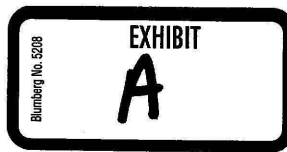
Adopted by the City Council of St. Michael this 23rd day of October 2007.

CITY OF ST. MICHAEL

By: 
Jerry Zachman, Mayor

ATTEST:

By: 
City Clerk



**CITY OF ST. MICHAEL
BUSINESS SUBSIDY CRITERIA**
Dated October 23, 2007

I. PURPOSE

- 1.01 The purpose of this criteria is to establish the policy of the City of St. Michael (the "GRANTOR") as it relates to the granting of business subsidies, as defined in Minnesota Statutes 116J.993, Subdivision 3, for private development. This criteria shall be used as a guide in processing and reviewing applications requesting business subsidies. If appropriate, the City of St. Michael may designate the St. Michael Economic Development Authority as GRANTOR.
- 1.02 GRANTOR shall have the option of amending or waiving sections of this criteria when determined necessary or appropriate. Amendments to this criteria are subject to public hearing requirements pursuant to Minnesota Statutes, Sections 116J.993 through 116J.995. GRANTOR may waive any provision(s) of this criteria without holding a public hearing. If GRANTOR deviates from the provisions of this Business Subsidy Criteria, it must document in writing the reason(s) for such deviation and submit the documented reasons to the Department of Trade and Economic Development with its next annual report.
- 1.03 Existing City programs that provide business subsidies are hereby revised to incorporate the provisions of this Business Subsidy Criteria as deemed necessary and appropriate.

II. STATUTORY LIMITATIONS

- 2.01 In accordance with the Business Subsidy Criteria, business subsidy requests must comply with applicable Minnesota statutes. GRANTOR's ability to grant business subsidies is governed by the limitations established in Minnesota Statutes, sections 116J.993 through 116J.995.

III. PUBLIC POLICY REQUIREMENT

- 3.01 All business subsidies must meet a public purpose. Acceptable public purposes include, but are not limited to:
 1. Increasing the tax base. Increasing the tax base is not a sufficient public purpose by itself and there must be another public purpose served.
 2. Job creation or retention. Job creation or retention may be, but is not required to be, a public purpose for granting a business subsidy. The determination that job creation or retention is not a public purpose for the business subsidy and that related wage and job goals are zero shall be made following a public hearing by the GRANTOR. Job retention is an acceptable

public purpose only in cases where job loss is specific and demonstrable. GRANTOR shall document the information used to determine the nature of the jobs to be lost.

3. Enhancement of economic diversity. Projects may be proposed that adjust to changes in the economy by replacing declining types of business and facilitating the development of new types of businesses.
4. Stimulation of economic development. Projects may be proposed that will attract additional investment in nearby properties, creating additional jobs, services and tax base.
5. Encouraging investment in geographic areas in need of redevelopment.
6. Facilitating the re-use of historic properties.
7. Facilitating the elimination of substandard buildings or blight.
8. Facilitating environmental clean-up.
9. Facilitating the relocation of uses that are not in conformity with the City's comprehensive plan or zoning ordinances.

IV. BUSINESS SUBSIDY APPROVAL CRITERIA

- 4.01 All new projects approved by GRANTOR shall meet the goals, criteria, or guidelines for the specific business subsidy program for which the application is being considered.
- 4.02 A business subsidy shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
- 4.03 The project must be in accordance with the City of St. Michael's Comprehensive Plan and Zoning Ordinances, or required changes to the plan and Ordinances must be under active consideration by the City of St. Michael at the time of approval.
- 4.04 Business subsidies shall enhance the economic diversity of the community by creating a mix of business types. Whenever possible, efforts shall be made to invest in an area which is blighted or which historically has not received similar investments.
- 4.05 All business subsidy requests should maximize the amount of private development investment in a site.

- 4.06 Recipients of business subsidies in instances where creation of jobs is the sole or primary public purpose will be encouraged to create the highest number of jobs at the highest feasible wage. However, the establishment of wage and job goals will take into account prevailing wage rates, local economic conditions, the individual financial resources of the recipient and wages paid by the recipient's competitors. For purposes of satisfying state law, the wage floor for jobs to be created or retained shall be \$10 per hour.
- 4.07 The existence of this policy does not in any way obligate the City to provide assistance to any applicant.
- 4.08 The City of St. Michael reserves the right to evaluate each business subsidy application based on the perceived benefits to the City at the time the application is made. Past assistance is not a guarantee that assistance will be provided in the future for the same or similar applicant or situation.

V. SUBSIDY AGREEMENT

- 5.01 A recipient must enter into a subsidy agreement with GRANTOR which will include, but will not be limited to, the following:
1. Description of the subsidy
 2. Statement of the public purpose
 3. Goals for the subsidy
 4. Description of the financial obligation of the recipient if the goals are not met
 5. Statement of the reason why the subsidy is needed
 6. Commitment to continue operations within the city for a minimum of five (5) years after the benefit date, as defined in the statute
 7. Goals for the jobs created, or where job loss is imminent, goals for jobs retained
 8. Reporting requirements to the City as detailed in Minnesota Statutes, section 116J.994, Subd. 7