

CITY OF SPRING LAKE PARK, MINNESOTA BUSINESS SUBSIDY CRITERIA

Purpose

This document sets forth the business subsidy policies and specific criteria to be considered by the City of Spring Lake Park, Minnesota (the “City,” and the “Grantor”) in evaluating requests for business subsidies. In adopting these criteria, it is the intent of the Grantor to comply with Minnesota Statutes, Sections 116J.993 through 116J.995, as amended (the “Act”). The governing body of the Grantor have adopted this policy and these criteria (collectively, the “Policy”) after a duly noticed public hearing held in accordance with the Act. All capitalized but undefined terms in this Policy shall be defined as in the Act.

Unless specifically excluded by the Act, “Business Subsidy” or “Subsidy” means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the Recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

Goals and Objectives

It is the Grantor’s intent to advance the following goals and objectives in granting Business Subsidies:

- a. A Business Subsidy may only be awarded to a Recipient for a public purpose.
- b. Recipients must enter into a Business Subsidy Agreement with the Grantor that is consistent with the Act. In a Business Subsidy Agreement, the Recipient of a Business Subsidy must (i) commit to continue operations in the City for five (5) years after the Benefit Date of the Subsidy; (ii) meet a specific wage floor for the wages to be paid for the jobs created, as further defined in this Policy; and (iii) set and meet specific wage and job goals, unless the public purpose of the Business Subsidy is not the creation or retention of jobs, in which case after a public hearing before the governing body of the Grantor, wage and job goals may be set at zero, but the Business Subsidy Agreement must specify other tangible goals consistent with this Policy.

Business Subsidy Criteria

As stated in this Policy, every Business Subsidy must meet a public purpose, which may include, but may not be limited to, increasing the tax base. A Business Subsidy will not be provided to Recipients who have the financial feasibility to proceed without the benefit of the Business Subsidy. In effect, Business Subsidies will not be provided solely to increase a Recipient’s profit margin on a project. The following criteria shall be used to evaluate a request for a Business Subsidy, although meeting these criteria does not create a contractual right to a Business Subsidy, and the Grantor may later modify these criteria, as permitted by the Act.

- a. *Increase in Tax Base.* While the Act provides that an increase in the tax base cannot be the sole grounds for granting a Business Subsidy, the Grantor gives a strong preference to proposed Business Subsidies that increase the tax base.
- b. *Jobs and Wages.* Except as provided in this policy, every Recipient must create or retain the maximum number of jobs feasible for the proposed project, and these jobs must pay at least state minimum wage or federal minimum wage per hour, whichever is greater, exclusive of benefits. The jobs to be created by a Recipient may include jobs to be retained, but only if job loss is specific and demonstrable. The job and wage goals may also specify wage goals, consistent with the minimum wage floor described above, for any jobs to be enhanced through increased wages. The minimum number of jobs to be created by a project is two (2) jobs or the minimum number of jobs retained is two (2).
- c. *Zoning.* Any project benefitted by a Business Subsidy must be consistent with the City's Comprehensive Plan and Zoning Ordinance, or required changes to the Comprehensive Plan and Zoning Ordinance must be under active consideration by the City at the time of approval. Approval of the business subsidy shall be conditioned on necessary approvals by the City.
- d. *Other Goals.* If, after a public hearing, it is determined by the governing body of the Grantor that creation or retention of jobs is not a goal, the wages and jobs required of a Recipient may be set to zero. If creation of jobs is not a goal, the Recipient must achieve at least one of the following measurable, specific and tangible goals:
 - i. The Business Subsidy must result in improvements to public infrastructure or public facilities, including without limitation roads, parks, recreational facilities, and other City facilities; or
 - ii. The Business Subsidy must remove physical impediments to development of land, including without limitation poor soils, abundance of wet lands, hazardous materials, bedrock conditions, steep slopes, or similar geotechnical problems.
- e. *Economic or Redevelopment.* Business Subsidies should promote one or more of the following goals within the City:
 - i. Creation of higher paying jobs, jobs with increased benefits, or jobs with available opportunities for career advancement and training;
 - ii. Provision of significant economic impact through the attraction of other business, jobs or investment;
 - iii. Encouragement of economic and commercial diversity, including through the range of goods and services available;
 - iv. Contribution to commercial development within a specific area in the City;

RESOLUTION NO. 13-12

RESOLUTION ADOPTING A BUSINESS SUBSIDY CRITERIA POLICY

WHEREAS, the City Council finds that it is in the interest of the City of Spring Lake Park 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; and

WHEREAS, prior to granting business subsidies, the State of Minnesota requires cities to adopt a Business Subsidy Criteria Policy after a public hearing has been held; and

WHEREAS, a public hearing, for which proper notice was published in the City's newspaper of record ten days in advance of the hearing, was held on June 17, 2013; and

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 Spring Lake Park hereby approves and adopts the Business Subsidy Criteria policy as shown in Exhibit A.

The foregoing Resolution was moved for adoption by Mayor Hansen.

Upon Vote being taken thereon, the following voted in favor thereof: Councilmembers Mason, Nelson, Raymond and Mayor Hansen

And the following voted against the same: None

Whereon the Mayor declared said Resolution duly passed and adopted the 17th day of June, 2013.

APPROVED BY:



Cindy Hansen, Mayor

ATTEST:



Barbara L. Nelson, City Administrator