

RESOLUTION ADOPTING THE CITY OF CAMBRIDGE
JOBZ BUSINESS SUBSIDY POLICY

RESOLVED by the City Council of the Cambridge of Isanti County that it shall adopt the following **JOBZ Business Subsidy Policy and Criteria**:

I. PURPOSE

The purpose of this policy is to establish guidelines and criteria regarding the use of municipal subsidies, such as tax increment financing (TIF), tax abatement, Job Opportunity Building Zone (JOBZ), and other business subsidies for private development projects within the City of Cambridge and shall be in addition to the requirements and limitations set forth provisions of Minnesota law.

These guidelines shall be used in processing and reviewing applications requesting municipal subsidies assistance.

It is the intent of the City to provide a minimum amount of municipal subsidies, as well as other incentives that the City may deem appropriate, at the shortest term required for the project to precede. The City reserves the right to approve or reject projects on a case-by-case basis, taking into account established policies, specific project criteria, and demand on city services in relation to the potential benefits to be received from a proposed project. Meeting policy guidelines or other criteria does not guarantee the award of municipal subsidies. Furthermore, the approval or denial of one project is not intended to set precedent for approval or denial of another project.

Whenever possible, it is the City's intent to coordinate the use of municipal subsidies with other applicable taxing jurisdictions.

II. OBJECTIVES OF MUNICIPAL SUBSIDIES

As a matter of policy, the City of Cambridge will consider using municipal subsidies to assist private development projects to achieve one or more of the following objectives:

- To retain local jobs and/or increase the number and diversity of jobs that offer stable employment and/or attractive wages and benefits.
- To enhance and diversify the City of Cambridge's economic base.
- To encourage additional unsubsidized private development in the area, either directly or indirectly through "spin off" development.
- To achieve development on sites which would not be developed without municipal subsidies assistance.

- To remove blight and/or encourage development of commercial and industrial areas in the city that result in higher quality development or redevelopment and private investment.
- To offset increased costs of development of specific properties when the unique physical characteristics of the site may otherwise preclude private investment.
- To create opportunities for the construction, operation and maintenance of affordable housing.


III. GENERAL POLICIES FOR THE USE OF MUNICIPAL SUBSIDIES

- A. Municipal subsidy will not be used for projects that would place extraordinary demands on city infrastructure and services
- B. Municipal subsidy will not be provided in circumstances where land and /or property price is demonstrated by the City Assessor to be in excess of fair market value.
- C. Municipal subsidy will not be used in cases where the subsidy would create an unfair and significant competitive financial advantage over other similar projects in the area.
- D. The City will more favorably receive projects receiving municipal subsidy other affected taxing jurisdictions.
- E. The project must be consistent with the City's Zoning and Comprehensive Plan.
- F. Municipal subsidies will not be used for commercial/industrial projects that have a history of inconsistent compliance with applicable environmental rules and regulations.
- G. If requested by the City, or its consultants, the developer shall provide sufficient market, financial, environmental, or other data relative to the successful operation of the project.
- H. Each developer must be able to demonstrate to the City's satisfaction, an ability to construct, operate, and maintain the proposed project based on past experience, general reputation, and credit history.
- I. A developer requesting municipal subsidy assistance must demonstrate, to the satisfaction of the City, sufficient cash equity investment in the project.
- J. If requested by the City, the developer shall provide adequate financial guarantees to ensure completion of the project, including, but not limited to: assessment agreements, letters of credit, cash escrows, and personal guaranties

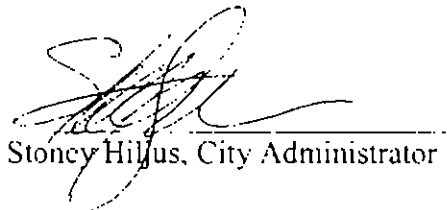
IV. GUIDELINES FOR JOB OPPORTUNITY BUILDING ZONE (JOBZ) SUBSIDIES

- A. The primary purpose of JOBZ subsidies is to create jobs in those sectors of the economy that export a product or service from the region and import new wealth to the region. Manufacturing and distribution projects

Adopted by the Cambridge City Council
this
19th Day of July 2004



Marlys A. Palmer, Mayor



Stoney Hiljus, City Administrator

City of Cambridge
Job Opportunity Building Zone (JOBZ)
Business Subsidy Policies Summary

Wage Requirements

Manufacturing, laboratory, research & development, and similar sector companies must pay a minimum of \$14.00 per hour to 85% of all employees, plus health insurance.

Back office, distribution, and similar service sector companies must pay a minimum of \$11.00 per hour to 85% of all employees, plus health insurance.

Job Requirements

Minimum of six (6) new jobs in the Subzone with an annual payroll of \$175,000 with:

A minimum of 4 Full Time Equivalent (FTE) jobs created by the end of Year One.

A minimum of 6 FTE jobs created by the end of Year Three.

Job Guideline

Creation of 1 FTE job for every \$30,000 savings in property taxes.

For example, \$1 million dollar building is estimated to annually save a Qualified Business approximately \$40,000 in property taxes. Therefore, such a business should create a total of 13 jobs over a 10 year period.

JOBZ Application Fee: None

JOBZ Annual Fee

The annual fee for a Qualified Business located in a "tax-free" Subzone is 3% of the property tax savings per year with a minimum fee of \$500 and a maximum of \$2000. For example, if the annual property savings is \$40,000 then the fee would be \$1200 per year.

The annual fee for a company leasing space to Qualified Business located in a "tax-free" Subzone is .05 per square foot per year with a minimum fee of \$500 and a maximum of \$2000. For example, if a company leased 20,000 sq. ft. the then the fee would be \$1000 per year.

JOBZ program will not be used for projects that would create an unfair and significant financial advantage over existing businesses.

JOBZ program will not be used for retail projects.

This summary is intended to highlight the City of Cambridge's JOBZ Business Subsidy Policies (see attachment). For each project, a specific Business Subsidy Agreement must be developed, a public hearing held, and City Council approval received.