

## CITY OF MADELIA ECONOMIC DEVELOPMENT POLICY

The Policy is adopted for purposes of the business subsidies act (the "Act"), which is Minnesota Statutes, Sections 116J.995 as amended. Terms used in the Policy are intended to have the same meaning as used in the Act, and this Policy shall apply only with respect to subsidies granted under the Act if and to the extent required thereby.

While it is recognized that the creation of good paying jobs is a desirable goal which benefits the community, it must also be recognized that not all projects assisted with subsidies derive their public purposes and importance solely by virtue of job creation. In addition, the imposition of high job creations requirements and high wage levels may be unrealistic and counter-productive in the face of larger economic forces and the financial and competitive circumstances of an individual business.

The City of Madelia established the Madelia Economic Development Authority (MEDA) to promote investment, job creation, redevelopment of blighted areas, and diversify the areas industrial, commercial, and retail base to insure Madelia's and surrounding area's long term viability.

The City further believes that each economic development opportunity offers its own unique benefit to the community whether it be retail, service, or industrial based. The benefit may be in added tax base, overall dollar investment in the area, job creation, or through industry diversification.

To stimulate economic development, MEDA must be competitive and have the use of all necessary tools to meet the needs of business and industry. Therefore, MEDA should have at its disposal all those resources allowable under state law to provide business incentives that foster investment, development, redevelopment, job creation or industry diversification. These incentives and tools shall not be judged or provided by a single measure, but in terms of community need, market trends, job creation, investment, capital outlay or technology.

The limitations on these incentives shall be state law, and specific program criteria governing individual revolving loan funds currently in existence or created in the future.

Criteria for providing a business incentive or subsidy include the following:

1. The subsidy or incentive must meet a public purpose such as encouraging new technology, job creation or retention, increased tax base, elimination of slum or blight, contribution to the diversification of the overall industry base, exportation of products and /or services outside the state, provide job training and workforce development directed at retention of young people to the area or increase health care service. Each is viewed as an important public purpose for MEDA. Each public purpose could stand alone or in combination to meet a minimum requirement.

2. While recognizing the value of job creation and living wages, there are no minimum job creation or retention requirements to qualify for an incentive or subsidy. MEDA believes jobs to be only one of the economic benefits of capital investment. The act now provides that after a Public Hearing thereon if the creation or retention of jobs is determined not to be a goal of a business subsidy the wage and job goals may be zero.

Where creation or retention of jobs is a goal, the specific number will be stated in the subsidy agreement when the creation of new jobs is a requirement those jobs will have a wage floor of federal minimum wage.

3. Wages and benefits for jobs that are created or retained should, where possible, be equal to or exceed the countywide average based on the latest data available from the local workforce center. At the same time, low skill jobs provide opportunity for individuals entering the workforce to gain experience to move on to higher skill level jobs. Madelia's target industry program shall take into account prevailing area wage levels and available workforce and skill level. Jobs created that have very high skill levels or very high wages and benefits or bring new type skills to the area are of particular benefit to the community. A wage floor for all subsidies is set at federal minimum wage.
4. Each applicant for an incentive or a subsidy shall stay in operation for an extended period of time, as may be required by the Act.
5. Each applicant will be required to meet performance standards for its business within a time frame set by MEDA. Failure to meet such standards may require repayment of any assistance provided in a ratio equal to the amount of performance achieved.
6. Each applicant or collection of applicants shall enter into an agreement that outlines the terms and conditions and performance standards set forth by MEDA that shall be binding as a contractual obligation of the benefiting entity or entities.

MEDA shall provide the State written reports as outlined in State Statute 116J.993 and 116J.994.

Incentives/subsidies under this policy may include but are not limited to: land; land write downs; forgivable loans; free rent; waiver of sewer and water and other utility connection fees; equity positions; incentivized utility rates; long term financing through allowable bonds; partnerships with local lending institutions; tax increment financing; lease purchase agreements; equipment acquisition and lease; marketing or job training. As provided in the Act deviation from the policy or criteria are permitted by documenting in writing the reasons for the deviation and attaching a copy of the documentation to the next annual report to the Minnesota Department of Trade & Economic Development.

Final approval of all incentives or subsidy rests with MEDA and/or the City Council.

Addendum pertaining to the Madelia JOBZ Economic Development Program

1. In order to qualify to use the Madelia JOBZ Economic Development Program, at least one (1) full time job must be created with a wage of \$ 10.50 per hour or more (not including benefits). If an existing business, the current full time equivalent (FTE) positions must be maintained plus adding one full time position. The company can create more jobs at lower wages, but must create at least one at \$ 10.50 or above. This is a minimum requirement.

The Development subsidy agreement may have more jobs committed to by the company and the wage rates may be higher than the minimum \$ 10.50 per hour.

2. The company must submit a JOBZ program request letter that includes the number of existing jobs, JOBZ site location, site dimensions of project, number of full and part-time jobs anticipated to be created, hourly wage rates excluding benefits, description of benefits and hourly value, time frame of development, and description of the project impact on business operations.
3. A \$ 1,500.00 application fee will be charged to pay out of pocket costs (typically legal costs) incurred by the City of EDA. City Staff and EDA staff time and materials will not be charged out.

Adopted 06/26/2000

Revised 03/24/2003

Revised 10/27/2004

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