

*Council approved
6/11/02*

City Council

Business Subsidy Criteria

I. Purpose

1.01 This document includes the criteria to be considered by the City Council (the "City") in and for the City of Richfield to evaluate requests for business subsidies.

It is the intent of the City in adopting these criteria to comply with Minnesota Statutes, Sections 116J.993-116J.995 (the "Act"). The City hereby adopts the definitions contained in the Act for application in the criteria.

1.02 The City shall have the option to amend or waive sections of these criteria when doing so is determined necessary or appropriate. Amendments to these criteria are subject to public hearing requirements of the Act.

1.03 These criteria are intended to set specific minimum requirements which grantees must meet to be eligible to receive business subsidies. The City will not adopt business subsidy criteria on a case-by-case basis.

II. Statutory Limitations

2.01 In accordance with the Act, all business subsidy requests must comply with the Act and other applicable Minnesota statutes. The City's ability to grant business subsidies is governed by the limitations established in the Act.

III. Goals and Objectives

3.01 It is the City's intent to advance the following goals and objectives in granting business subsidies:

- a. All projects, by not later than the benefit date, must be consistent with Richfield's Comprehensive Plan and any other plan or guide for development of the community or a sub-area of the community.
- b. Business subsidies must be justified by evidence that the project cannot proceed without the benefit of the subsidy. Potential grantees shall be required to provide such studies, reports, appraisals, information or other data as may be requested by the City prior to consideration of a request for business subsidy. If tax increment financing is used to grant a subsidy, the grantee must demonstrate compliance with all statutory requirements of the TIF Act, including the "but for" test. The potential grantee will be required to provide all documentation necessary to make the requisite findings under the TIF Act and the Act.
- c. Grantees will be required to enter into an agreement with the City that is consistent with statutory requirements, and which contains measurable, specific and tangible goals. The Agreement shall include a commitment to continue in operation within the City for a minimum of five years after

the benefit date, unless waived by the City and shall comply with the specific job and wage goals established for the project, if any.

IV. Business Subsidy Criteria

4.01 The Authority recognizes that every proposal is unique. Nothing in these criteria shall be deemed to be an entitlement or shall these criteria establish a contractual right to a subsidy. The City reserves the right to modify these criteria from time to time and to evaluate each project as a whole.

4.02 A business subsidy must meet a public purpose. The following criteria shall be utilized in evaluating a request for a business subsidy:

- a. Increase in tax base. While an increase in the tax base cannot be the sole grounds for granting a subsidy, the City believes it is a preferred condition for any subsidy.
- b. Jobs. It is the City's intent that the grantee maximize the number of jobs at the site. This may include jobs to be retained but only if job loss is specific and demonstrable.
- c. Wage Floor. The jobs created as a result of any business subsidy approved by the City shall pay wages at an hourly rate not lower than 110 percent of the Federal minimum wage for full-time and part-time employees. Any deviation from the established wage floor must be documented in conformity with the requirements set forth in the Act. The provisions regarding wage floor do not apply in an instance in which the City, following a hearing, determines that job creation or retention is not part of the public purpose of the subsidy.

4.03 Economic Development. In addition to the criteria in Section 4.02, projects should promote one or more of the following:

1. Encourage economic and commercial diversity within the community;
2. Contribute to the establishment of a critical mass of commercial development within an area;
3. Provide basic goods and services, increase the range of goods and services available or encourage fast-growing or high technology business location or expansion;
4. Promote redevelopment objectives and removal of blight, including pollution cleanup;
5. Promote the retention or adaptive reuse of buildings of historical or architectural significance;
6. Promote additional or spin-off development within the community; or

7. Encourage full utilization of existing or planned infrastructure improvements.

V. Compliance and Reporting Requirements

5.01 Any subsidy granted by the City will be subject to the requirement of a public hearing, if necessary, and must be approved by the City.

5.02 It will be necessary for both the grantee and the City to comply with the reporting and monitoring requirements of the Act.