

City of Northfield, Minnesota

BUSINESS SUBSIDY POLICY

1. PURPOSE, AUTHORITY AND LIMITATIONS

- a. This Policy is adopted for purposes of the Business Subsidies Act (the “Act”), Minnesota Statutes, Sections 116J.993 through 116J.995. Terms used in this Policy are intended to have the same meanings as if used in the Act, and this Policy shall apply only with respect to “subsidies” as defined by the Act if and to the extent required thereby. The City has adopted this policy and these criteria after a public hearing in accordance with the governing statutes. A copy of this policy shall be submitted to the Department of Employment and Economic Development (“DEED”) along with the first annual Business Subsidy report.
- b. For the purposes of this policy document, the term “City” includes the Northfield City Council, City employees, consultants and agents, the Northfield Economic Development Authority, the Northfield Housing and Redevelopment Authority, and other City advisory boards and commissions.
- c. The City reserves the right to approve or reject projects on a case-by-case basis, taking into consideration established policies, project criteria, and demand on City services in relation to the potential benefits from the project. Meeting all or any portion of the policy criteria contained herein does not mean or guarantee the award of business assistance by the City to any project. Approval or denial of one project is also not intended to set precedent for approval or denial of another project. The City reserves the right, in its sole judgment and discretion, to approve or deny business assistance to a project based on the merits of the project and the overall benefit of the project to the community, using this policy and the criteria contained herein as the means of measuring overall benefit.
- d. Any applicant who is not in good standing with the City, in regards to any licenses, fees, property taxes, or other specific City charges, will not be considered for business subsidies.
- e. All requests for business assistance must comply with the Act and applicable law.
- f. Any amendments or modifications to the Act shall amend or modify the terms and definitions of this policy and criteria without any further actions of the City.

2. BUSINESS SUBSIDY PUBLIC PURPOSE, PRIORITIES, GOALS AND OBJECTIVES

- a. The City of Northfield and the Northfield Economic Development Authority maintain several policy documents which speak to the general goals and objectives for the provision of public assistance for private development or redevelopment activities. These documents include, but are not limited to the current Strategic Plan for Economic Development and the Comprehensive Land Use Plan.
- b. The purposes, priorities, goals and objectives in providing a business subsidy to assist private development under this policy, include but are not limited to, achieving the following:
 - i. To redevelop blighted or under-utilized areas of the City.
 - ii. To create additional job opportunities within the City.
 - iii. To retain local jobs in the City, where job loss is specific and demonstrable.
 - iv. To enhance the economic diversity of the City and to provide essential products and services within the City.

- v. To enhance economic growth and opportunity in the City.
 - vi. To increase the City's tax base.
 - vii. To create opportunities for affordable and workforce housing and/or a diversification of housing stock available within the City.
 - viii. To target assistance to businesses that demonstrate a clear and ongoing commitment to the community.
- c. Because projects vary greatly in structure and public benefit derived, each project will be considered on its own merits. Subject to clause (e) below, consideration will be given to projects providing public benefits in one or more of the following categories:
- i. The creation of new jobs/increase in total payroll. In the case of new job creation, new jobs must pay a wage that total at least the rate of 150-percent of the current Federal poverty level for a family of four. Preference will be given to higher paying jobs that also provide benefits such as health care coverage.
 - ii. Redevelopment projects that result in the stabilization of business districts or neighborhoods by elimination of blighting conditions.
 - iii. Projects that result in the development of affordable senior or workforce housing.
 - iv. Projects that provide opportunities for cross-sector synergy to occur.
 - v. Projects that enhance the Northfield Workforce by retaining graduates of the Northfield Public School system, St. Olaf College, and Carleton College.
 - vi. Projects that result in greater building efficiencies.
 - vii. Quality of Life based on business/projects. Those business/entities that provide a desirable good or service and address an unmet demand in the community will be considered. New job wage requirements will apply to any new jobs created.
- d. If a particular project does not involve the creation of jobs, but is nonetheless found to meet another public purpose of the City it may be considered without any specific job wage goals, as permitted by Minnesota Statutes. This public purpose has to be something other than an increase to the City's tax base. Other measurable, specific and tangible goals must be established.
- e. The governing body must retain the right in its discretion to approve projects and subsidies, which may vary from the principles and criteria of this Policy. The burden will be on the applicant to demonstrate, to the satisfaction of the City of Northfield, that the public benefit justifies the requested subsidy and deviation from this Policy. The Act permits the City to deviate from this Policy by documenting in writing the reason(s) for the deviation and attaching a copy of the document to the City's next annual report to DEED.

3. BUSINESS SUBSIDY CONSIDERATION AND AGREEMENT

- a. A business must submit a written request/application to the City for a Business Subsidy or other financial assistance. If the requested assistance is not tax increment financing or tax abatement, which have their own specific application process, the business must submit information as found in the Business Subsidy Application for any request for financial assistance from the City. The City may request additional financial information as the City deems appropriate or necessary in its discretion to process the application.
- b. A Business Subsidy of \$150,000 or more requires a public hearing with at least 10 days notice in the local newspaper. A public hearing for another purpose such as tax increment financing or abatement may be combined with the Business Subsidy hearing. A copy of the draft Business Subsidy agreement must be on file with the City.

- c. In all cases of business subsidy, where the subsidy is equal to or greater than the threshold prescribed in Minnesota Statutes, a subsidy agreement will be entered into between the City and the recipient. This agreement will comply with the requirements of Minn. Stat. § 116J.994, subd. 3, and delineate, among other required provisions, the subsidy structure and amount, as well as the expected public benefit. The agreement will include provisions for repayment and other resolution options if the expected public benefit is not achieved. Upon completion of the project, the actual costs of the elements of the project eligible for the business subsidy will be verified. All business subsidies will be subject to the criteria outlined in Minnesota Statutes, Sections 116J.933 through Section 116J.955, except those subsidies as exempted by the same.
 - i. Business Subsidies in the form of grants must be structured as forgivable loans. For other types of Business Subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.
- d. The City shall monitor the progress by the recipient in achieving the goals contained in the business subsidy agreement, and the recipient shall cooperate in all respects in meeting the reporting requirements contained in Minn. Stat. § 116J.994, subd. 7.