

**CITY OF MEDFORD
ECONOMIC DEVELOPMENT AUTHORITY
MEDFORD, MINNESOTA
Business Subsidies Policy**

This policy is adopted by the City Council of the City of Medford, Minnesota in accordance with the Minnesota Business Subsidy Law (Minnesota Statutes sections 116J.993 through 116J.995). This policy shall apply only to those business subsidies granted under the above law.

It is realized that business subsidies may provide benefits to a community in many different forms. Whereas job creation is highly sought after as a traditional measure of a subsidy's public benefit, it is also recognized that job creation is not the only measurable benefit.

The following criteria will guide the subsidy benefit analysis process:

1. Each project shall be evaluated individually for public benefit.
2. Projects shall be evaluated taking into account all benefits, primary and auxiliary, including the following:
 - a. Whether the project enhances economic diversity in the community.
 - b. Whether the project creates high-quality job growth and promotes wage levels comparable to community wage levels.
 - c. Whether the project provides for job retention, where the loss of jobs is imminent and demonstrable.
 - d. Whether the project provides a stabilizing effect for the community.
 - e. Whether the project increases the tax base to the community, although an increase in the tax base is not alone a sufficient reason for granting a subsidy.
 - f. Whether the project offers other benefits specific to the community.

The above-mentioned criteria are intended to be flexible and to be applied in accordance with the changing nature of the community and businesses in the community. In particular, the job growth and wage levels created by a project shall be viewed in the context of the changing needs and expectations of the community.

DATE OF ADOPTION: May 9, 2000

DATE OF PUBLIC HEARING: May 9, 2000

CRITERIA USED TO CONSIDER BUSINESS SUBSIDY ELIGIBILITY

The City has a broad range of powers to assist community development. These include tax increment financing, tax abatement, various grant opportunities and bonding. Therefore, when appropriate, the City will use its authority to financially participate in a project to accomplish community development goals.

The City's participation in a project can benefit the community by attracting development, creating employment opportunities, providing housing opportunities and assisting in financing redevelopment to remove blight. The criteria the Medford EDA and the City of Medford considers in determining whether business subsidies should be given to a project include the following:

1. But-for Test. There is a substantial likelihood that the project would not go forward without a business subsidy.
2. Redevelopment. The project will remove, prevent or reduce blight or other adverse conditions of the property, thereby protecting the City's property values and the general public health, safety and welfare.
3. Attraction of New Business. The project will attract or retain businesses and offer the potential for significant growth in employment and tax base.
4. Needed Services. The project will provide a needed service in the community.
5. Unmet Housing Needs. The project will provide housing alternatives the community currently needs but are not available.
6. Economic Feasibility. The recipient can demonstrate that it has experience and adequate financing for the project, and that the project can be completed in a timely manner.
7. Impact on City Services and Infrastructure. The project will not significantly and adversely increase the demands for service needs in the City.
8. Job Creation. The project will create or retain jobs that pay 105% of the federal minimum wage. The City may take into account the special needs of small or growth-phase businesses with potential to create high paying jobs in the future.
9. Tax Base. The project will increase the City's tax base and generate new property tax revenue.

IF A BUSINESS SUBSIDY IS GRANTED

The City will calculate the value of assistance provided to a business in the following manner:

1. If the subsidy is a contribution or sale of real or personal property, the amount of the subsidy will be the fair market value of the property as determined by the City, less any amount paid.

2. If the subsidy is a loan, the amount of the subsidy will be the principal amount of the loan.
3. If the subsidy is a loan guarantee, the amount of the subsidy will be principal amount of the loan guaranteed.
4. If the subsidy takes the form of payments over time—pay-as-you-go tax increment, tax abatement—the amount of the subsidy will be the sum of projected payments.

OTHER GUIDELINES

1. Construction of a project shall not commence until the appropriate City approvals have been given to the application for financing.
2. The City will evaluate each request for a business subsidy on a case-by-case basis and reserves the right to deny any application at any stage of the proceedings prior to adoption of the final approval authorizing the financing.
3. Applicants for assistance shall complete an application form and supply all additional information requested by the City.
4. The City will assume and be responsible for the first \$500.00 in expenses incurred by the City in connection with a proposed project seeking financial assistance. After \$500.00 of expenses has been incurred, the City shall be reimbursed by the applicant for all costs in connection with the proposed or actual use of financial assistance including, but not limited to, legal fees, engineering fees, development consultation fees, administrative expenses and/or tax increment financing consultation fees. At the time preliminary procedures are initiated, the applicant will deposit with the City an administrative fee to cover all anticipated costs to be incurred by the City in connection with the proposed project. The amount of the administrative fee will be based upon the type of financial assistance being requested.
 - a. The fact that the City accepts the applicant's deposit is not to be construed as a guarantee that the City will authorize the project that is under consideration.
 - b. The City may request and receive from the applicant additional administrative fees in an amount to be determined from time-to-time by the City should associated costs exceed the initial deposit.
5. At all times, procedures and policies related to the proposed or actual approval of the City's financial assistance will comply with the laws of the State of Minnesota.
6. All applications and supporting materials and documents shall become the property of the City and, as such, are public records.